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Capital master plan

Report of the Secretary-General**

Summary

The United Nations Headquarters complex in New York was built, some 50 years ago, with the unique cooperation of a major private donor, the host City and State of New York, the host Government and the Member States of the United Nations. In June 2000, the Secretary-General submitted a report to the General Assembly proposing a major refurbishment of the complex (A/55/117 and Add.1).

In its resolution 55/238, the General Assembly authorized the Secretary-General, without prejudice to a final decision, to proceed with the preparation of a comprehensive design plan and cost analysis.

The Secretary-General is pleased to submit his report on the outcome of the capital master plan study, including viable alternatives and approaches and measures to prevent cost overruns. It is the wish of the Secretary-General to replicate for the proposed fundamental refurbishment the type of cooperation that enabled the United Nations to establish its Headquarters in New York and to receive authorization by the General Assembly to proceed with the implementation of the capital master plan.

* A/57/150.

** The report was delayed to permit the inclusion of details of the offer from the City of New York related to swing space (see para. 40).

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I. Introduction

1. The Secretary-General reported to the General Assembly at its fifty-fifth session (see A/55/117 and Add.1) that the United Nations Headquarters in New York, built some 50 years ago, had aged significantly and that it was seriously deficient in safety, fire and building codes, energy efficiency and security requirements. Even the most efficient and effective maintenance activities would not be sufficient to prevent the cumulative effect of normal wear and tear. The current "reactive approach" to maintaining Headquarters and undertaking required remedial work as and when needed was inefficient and would become excessively expensive as the buildings aged further. The Secretary-General thus proposed a long-term capital master plan (CMP), to be implemented over a period of six years, to remedy those deficiencies in a comprehensive, systemic and cost-efficient manner. In response, in December 2000 the General Assembly authorized, without prejudice to its final decision, the preparation of a comprehensive design plan and cost analysis to develop viable alternatives, including measures designed to prevent cost overruns, and appropriated $8.0 million for that purpose. The Secretariat carried out a detailed analysis, with the assistance of a team of architectural and engineering firms, and developed a series of alternatives, covering technical equipment and systems, design, phasing, swing space and management. Those alternatives were organized into a number of design schemes with various options, which were then evaluated, and the viable alternatives were more fully developed and detailed costing was prepared for each. The present report reviews the scope of work, phasing and swing space, management and financing arrangements of the proposed plan, and recommends action by the General Assembly.

II. Background

2. In his previous report on the capital master plan (A/55/117 and Add.1), the Secretary-General described the condition of the physical infrastructure at the United Nations Headquarters complex in New York, and stated that if the conditions were not rectified the complex would become unacceptable for use over the long term. One option would be to continue to address the deteriorating condition on an ad hoc and emergency basis through the biennial programme budget. Under the "reactive approach", substantial expenditures would be required over the next 25 years. Moreover, all New York City building and safety code requirements would not be met, energy efficiency would not be attained, and security and safety requirements would be seriously compromised. The cost of the reactive approach over the 25-year period 2003-2027 was estimated to be $1,644 million, including energy costs. A detailed analysis of the reactive approach was contained in paragraphs 36 to 42 of the previous report.

3. Since the previous analysis was prepared, energy costs have significantly increased and the project start date has now been adjusted to October 2004. Taking account of those changes, the updated cost of the reactive approach over the period 2005-2029 is currently estimated at $2,088 million, an increase of $444 million over the original estimate.[1] It is worth noting that annual expenditures for emergency repairs, major construction and energy are expected to increase progressively to reach a high point of $116 million in 2019, under the reactive approach. For reference, the current level of those expenditures, including energy costs, is less than $30 million annually.

4. The alternative to the reactive approach proposed in June 2000 by the Secretary-General was to undertake a planned refurbishment programme over a six-year period, a capital master plan. The cost of CMP was estimated at $964 million, including $62 million for the leasing of swing space.

5. In response to that proposal and without prejudice to its final decision, in December 2000 the General Assembly:

(a) Authorized preparation of a comprehensive design plan and detailed cost analysis;

(b) Requested details of measures designed to protect the Organization from cost overruns;

(c) Called upon the Secretary-General to identify all viable alternatives in the most cost-effective and efficient manner;

(d) Allocated $8 million for that purpose (see General Assembly resolution 55/238/IV).

That work has been carried out and is referred to in the present report as the "preliminary design phase".

III. Preliminary design phase

6. In early 2001, a small project team was established within the Office of Central Support Services of the Department of Management to carry out the preliminary design phase authorized by the General Assembly. The selection of an architectural and engineering firm was initiated at the same time. A design team was selected through an international competitive process carried out from January to June 2001.

7. The comprehensive design plan and detailed cost analysis were prepared from July 2001 to May 2002. The findings of the design plan process confirmed that a fundamental refurbishment was required in order to bring the Headquarters complex into compliance with safety, fire and building codes, and to meet modern energy efficiency standards and security requirements. The earlier proposal of a six-year duration for the refurbishment was found to be a viable solution and the cost estimate for the refurbishment largely accurate, with the exceptions noted in paragraph 15 below. The CMP proposal was refined, including the in-depth analysis of technical alternatives.

8. In order to undertake a major refurbishment programme, large areas must be vacated and the occupants and functions temporarily relocated. The availability of adequate temporary space for meeting, office and support functions, known as "swing space", is therefore indispensable for the implementation of the refurbishment programme. All of the options for swing space mentioned in the previous report, including both on-campus addition and construction and off-campus leasing, have been thoroughly examined. Negotiation was initiated with the City of New York to seek its support for CMP efforts in view of the desirability of securing leasing through the United Nations Development Corporation (UNDC), in preference to commercial leasing, as well as the desirability of vacating the entire campus during the implementation of the capital master plan. The City of New York has recently expressed its readiness to support the capital master plan project and has already begun to explore one option in greater depth: the construction through UNDC of a building that could be utilized as swing space on the east side of First Avenue, between 41st and 42nd Streets. Use of the site will require that the City make some provision of park amenities to the community to replace the loss of the Robert Moses playground. At the time of drafting of the present report, negotiations are still ongoing. There is a strong expectation that discussions with City authorities will cover such issues as the quality of the building, architectural harmony with the existing complex, land ownership and lease/purchase arrangements.

9. The General Assembly requested the Secretary-General to ensure that the preparation of a comprehensive design plan and detailed cost analysis would identify all viable alternatives and detailed measures to protect the Organization from cost overruns. A series of alternatives and options have been developed in the following four areas:

(a) Scope of work: what will be done, determining the extent of the refurbishment;

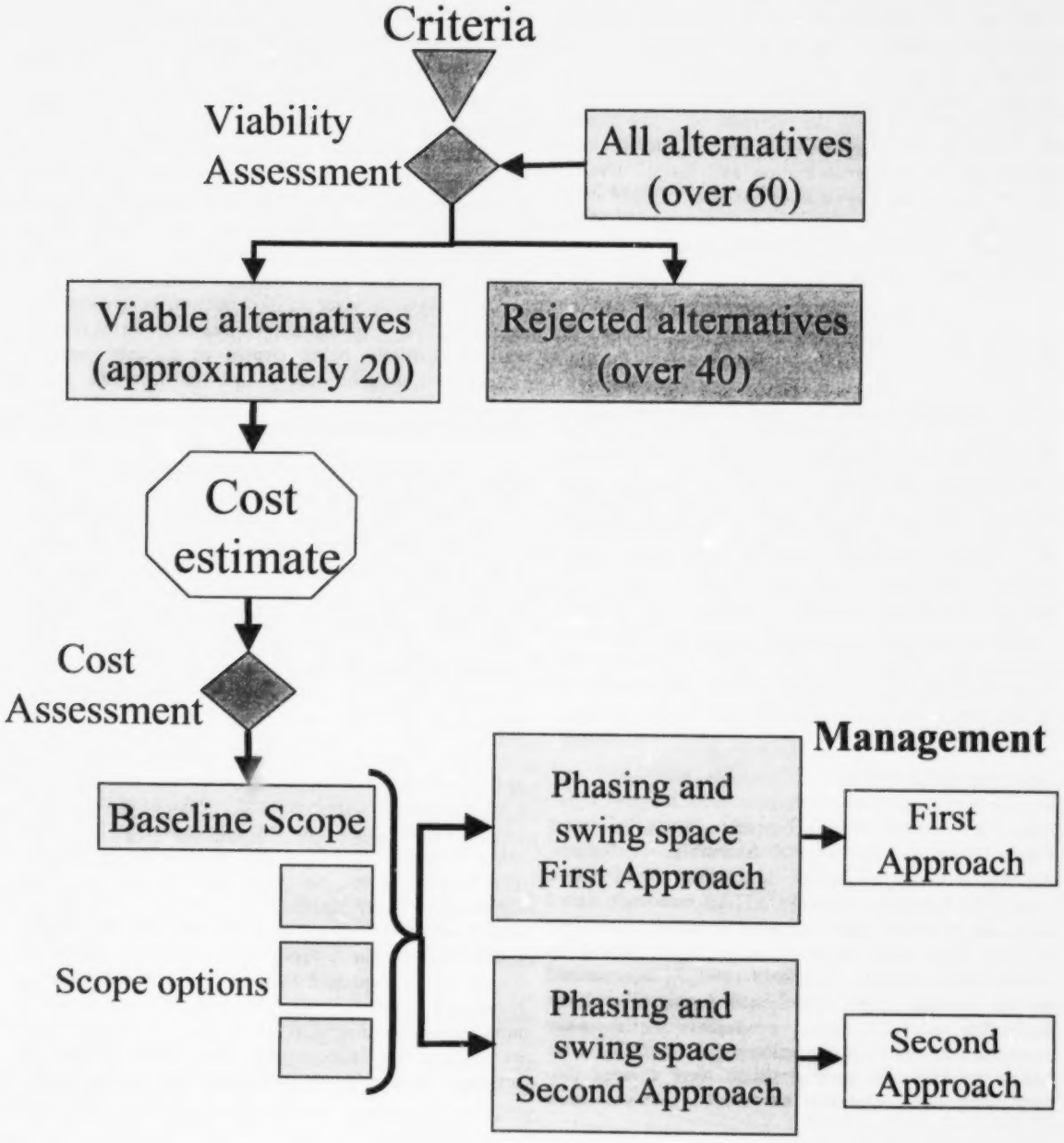
(b) Phasing: the way the refurbishment will be done, including time frames;

(c) Swing space: where the work of the Organization will continue during the refurbishment;

(d) Management: how the CMP project will be managed and costs controlled.

10. Following the review of the four areas above and a re-examination of financing alternatives, the Secretary-General has developed a set of recommendations, including a proposed implementation plan, for consideration by the General Assembly. A diagram of the preliminary design phase process is provided below.

PRELIMINARY DESIGN PHASE PROCESS



IV. Scope of work

11. The previous report (A/55/117) described the scope of a proposed refurbishment programme for the seven buildings[2] and more than 17 acres that make up the immediate Headquarters complex. The proposed refurbishment programme was focused on building equipment and system replacements necessary to meet *current* building and life safety codes and modern security requirements. In addition, improvements were recommended to enable the facilities to better support the work of the Organization and to operate more efficiently. After re-examination and further scrutiny by 12 specialized companies of the design team, numerous scope alternatives were developed, which have been organized into a baseline scope (see paras. 13-30 below).

12. Recognizing that the implementation of CMP will provide a one-time opportunity to bring the Headquarters complex into the future and in the light of the General Assembly's request for examining all viable alternatives, a set of additional scope options (see paras. 31-34 below) have been identified to meet possible *future* building design standards and operating requirements, including (a) additional security work, some of which might be undertaken in cooperation with the host Government, and state and the City of New York; (b) measures which would provide a higher degree of redundancy and contingency in the building systems, comparable to those that would most likely be installed in a new building today; and (c) sustainable innovations which are considered environmentally desirable and are expected to become the norm in the near future.

A. Baseline scope

13. The recommended baseline scope includes refurbishment of the General Assembly, Conference, Secretariat, Dag Hammarskjöld Library, North Lawn extension, South Annex and UNITAR buildings, based on comprehensive examinations of existing conditions by the current design team as well as the results of the earlier study conducted in 1998-1999, as summarized in the previous report. For each problem, multiple technical solutions were proposed, which were assessed against specific criteria for viability. The viable solutions for each problem were divided into two categories: solutions that solved problems at a lower cost and with less intervention into the buildings, and solutions that, although desirable, were either more costly or exceeded the essential health, safety and efficiency objectives of the capital master plan. The first group of solutions were combined into a single proposal for refurbishment, termed the "baseline scope". The second group of solutions were organized into options which could be added to the baseline scope, and were termed "scope options".

14. In addition to the building deficiencies summarized in the previous report, the current study has identified a need for the further expansion of replacement work for plumbing/piping due to the presence of brass fittings that have become brittle and the observed deterioration of the Secretariat window assemblies (the curtain wall) that may lead to the necessity of replacing the entire curtain wall. It should be noted that in view of the continuing testing and assessment, the replacement of the Secretariat curtain wall is currently being treated as a scope option. However, it may become a baseline necessity, at an added cost of $36 million, depending on the outcome of the testing and assessment.

15. The cost of the work will depend on how the work is phased and what method is chosen to provide swing space. The six-year, $964 million proposal made in the previous report included a baseline scope of $902 million, with an additional $62 million budgeted for swing space. In comparison to the $902 million figure, the cost of the baseline scope is currently estimated at $991 million to $1,094 million. The overall increase, which is partially offset by a cost reduction based on more detailed phasing analysis, arises from the following:

(a) There is a need to enhance physical systems and equipment in order to strengthen security based on a more exhaustive analysis in the wake of the events of 11 September 2001 and the subsequent anthrax and other biological and chemical contamination threats. The baseline scope for such activity has increased significantly to $77 million from the previous forecast of $22 million. It should be noted that that sum of $77 million will be partly offset by the sum of $17 million which was appropriated by the General Assembly at its resumed fifty-sixth session, in May 2002, as part of the total appropriation of $26 million for the strengthening of security at Headquarters. That offset amount is reflected in the recommendations of the Secretary-

General contained in the conclusion of the present report;

(b) There is a cost escalation factor of 3.5 per cent per annum. Accordingly, there has been an increase of approximately $50 million due to the current projected start of construction in October 2004, as compared with the earlier projected date of January 2003;

(c) With a view to avoiding cost overruns, a more conservative assumption for construction contingency has been adopted, which has resulted in an increase in the provision for construction contingency to $87.8 million or $135.4 million, depending on the phasing scheme selected (see paras. 36-47 below). The original construction contingency was $40.0 million.

16. The baseline scope, which would total either $991 or $1,094 million, depending on phasing options, consists of the core refurbishment and improvements described below.

B. Baseline scope: core refurbishment

17. Core refurbishment is the portion of the baseline scope which refers to the building elements that must be addressed as a matter of priority in order to meet existing fire and building codes, including accessibility standards, life safety standards and modern security requirements, as well as to operate the complex in an energy-efficient manner. Alternatives were examined in each area, and the proposed core refurbishment reflects the most cost-effective of the viable alternatives, as follows:

(a) *Removal of hazardous materials*, including asbestos-containing materials, lead-based paints from impacted areas, polychlorinated biophenyls (PCBs) from electrical equipment, and systems or equipment that generate electromagnetic fields near occupied areas;

(b) *Installation of new fire/life safety systems*, including new fire alarm and public address systems, sprinklers in all areas, a smoke exhaust system and provisions for safe evacuation;

(c) *Provision of new backup electrical power for essential systems*, including sufficient on-site backup power, lighting and support systems for essential communications, safe evacuation and other life/fire safety requirements, perimeter security, security and fire command and crisis control centres, and critical data processing and storage;

(d) *Refurbishment/replacement/restoration of ageing mechanical, electrical and building infrastructure elements*, including incoming electric, steam, water, gas and river-water services; central plant heating and cooling equipment; heating, ventilating and air-conditioning equipment; piping and ductwork; electrical distribution systems, backup power systems; lighting and ceilings; facility-wide building management and environment control systems; elevators and escalators; damaged finishes; deteriorated paving, railing, walkways, site amenities and drainage; and diseased and decayed plantings;

(e) *Upgrade of interpreters' booths and the infrastructure of simultaneous interpretation, broadcast amd studio systems*;

(f) *Upgrade of facilities for handicapped accessibility*, including improvements to access paths for buildings and conference rooms, signage, doors, bathrooms, elevators and fire safety controls;

(g) *Refurbishment/replacement of curtain walls*. Every window assembly or curtain wall requires significant restoration. Ongoing observation and assessment of the Secretariat curtain wall will determine if there is deterioration to the extent that a full replacement may be necessary. If so, the estimated cost of the baseline scope would be increased by $36 million;

(h) *Enhanced technology backbone*, including the consolidation and modernization of communication and technology core and distribution systems, and the expansion of teleconferencing and video-presentation capacity;

(i) *Security improvements*, including installation of a complex-wide access control and alarm monitoring system; construction of a new on-site and backup security control room and crisis centres; installation of an intrusion detection system; upgrade and expansion of closed circuit camera systems; upgrade of physical perimeter security by providing security barriers and improved lighting and surveillance; installation of additional physical vehicle barriers; installation of bullet-resistant and/or blast-resistant glazing at key locations;[3] installation of sound-proof and ballistically protected viewing points for visitors at the Council Chambers and General Assembly Plenary Hall; provision of a screening building at the 42nd Street

entrance; relocation of key air intakes; and installation of monitoring equipment to safeguard against biological and chemical hazards.

18. It should be noted that the core refurbishment programme will result in improvements to the sustainability of the complex by:

(a) Improving indoor environmental quality by removing hazardous materials, using materials with low emissions, and providing ventilation and air-conditioning equipment, lighting, acoustics and other accommodations that promote a healthy work environment;

(b) Reducing resource consumption by using equipment and technologies that are more efficient in terms of energy usage and consumption of water and materials, from structural building components to floor coverings and finishes, resulting in a less adverse impact on the environment;

(c) Reducing resource waste by recycling materials and managing waste during construction, commissioning and occupancy;

(d) Increasing the use of renewable materials, energy and water sources;

(e) Improving the energy management of buildings by providing monitoring, controls and verification devices.

C. Baseline scope: improvements

19. Four additional improvements were proposed in the previous report to better support the work of the Organization and operate Headquarters buildings more efficiently. They have been examined and updated as part of the baseline scope, and include expansion of and improvements to meeting facilities; addition of a new full-sized conference room and a multipurpose room; consolidation of information technology service spaces; and improvements to public spaces, complementing the visitors' experience project to be funded through the United Nations Association of the United States of America (UNA/USA), as proposed in the report of the Secretary-General on a proposal for enhancing the United Nations experience for visitors (A/55/835). In addition, in the context of improving the efficiency of the buildings, rationalization of space utilization is also planned throughout the complex. The essential additional improvements are described below.

Improvements to meeting facilities

20. In order to meet the continuing demand for mid-sized meeting rooms comparable to the size of Conference Rooms 5 and 6, three mid-sized meeting rooms, with seating capacity of 60 persons each at table, would be created. The most feasible location for such rooms is the first basement of the General Assembly building in the area currently occupied by broadcast and studio facilities. Such a reconfiguration would also provide added office and support facilities adjacent to the conference rooms.

Creation of a new large conference room and a multi-function hall

21. To relieve long-standing overutilization and pressure of scheduling meetings for the six committees of the General Assembly in five full-size conference rooms, it is proposed to add one more full-size conference room, with seating for 250 delegates, 250 advisers, 25 observers and 135 members of the press and public.

22. In addition, with the Organization's increasing interaction with civil society, NGOs and the public, there are many requests for functions other than intergovernmental meetings, including concerts, lectures and special events. A multi-function hall, with flexible-use design to accommodate up to 500 seats in a lecture configuration, exhibition space or raised stage performance, with appropriate audio-visual and technology services, is therefore proposed. Such a hall would reduce the use of conference rooms as special events venues, and if properly located would improve access and openness without compromising security.

23. In the previous report, it was suggested that the proposed new conference room and multi-purpose room be located in an area occupied by the satellite dish, by extending the south end of the Conference building. However, since the south end of the Conference building extends over the FDR drive, it is no longer considered viable to build such an extension to the Conference building for security reasons. It is instead proposed that the proposed rooms be integrated into the first basement space by reconfiguring the first and second basement garage areas immediately adjacent to the existing conference facilities. Entry would be obtained from the first basement, opposite Conference Room 1.

Consolidation of technology

24. Currently, various computer servers and communications equipment rooms for different departments and functions are dispersed throughout the complex and in various office space areas. It would be technically and operationally more effective to consolidate all such functions at a sub-basement level, providing a secure and appropriate environment while releasing space for appropriate use as office space.

Rationalization of space utilization

25. The location of major functions has been examined thoroughly. The purpose of the examination was to determine the most appropriate locations for individual functions (printing, food service, meeting rooms, offices etc.), taking into account the different needs for infrastructure and building systems. The locations of individual departments and their offices were not examined. That issue will be addressed in the next design phase — design development. The proposed plan includes the consolidation of similar functions, assigning locations that minimize the duplication of special infrastructure and avoiding the utilization of centrally located building space for functions that could be performed equally well elsewhere. It also includes new office space planning guidelines designed to better utilize the good features of existing buildings and create a more open environment, with more space dedicated to team work and less space to individual offices, fewer planning standards and a more efficient and equitable space allocation, in accordance with the recommendations of the Joint Inspection Unit (see A/56/274). In order to replace the mechanical and electrical infrastructure, the current office configurations would be demolished. There is no capital cost difference between restoring the space back to the current office space configuration and following the new space guidelines. Hence, the rationalization of space utilization is cost-neutral in the context of an overall refurbishment programme.

26. The total amount of required office space has fluctuated over the course of the last 10 years, resulting largely from the expansion and contraction of peacekeeping operations, and is expected to continue to fluctuate from year to year. For planning purposes, however, it is assumed that office space requirements will remain constant over the long term. CMP aims at better use of existing space and consolidation, where possible, but does not envisage any increase or decrease in office space requirements.

27. One challenging aspect of planning for major functions over the next 25 years is to predict the future space and infrastructure requirements for the printing plant and related functions. The assumption made in the preliminary design phase is that the area required for long-term storage of documents can be drastically reduced through more efficient storage layouts and equipment and increased use of information technology. It is assumed that the printing function, both for publications and for parliamentary documentation, will not change significantly in the near future. However, in anticipation of a more decentralized and electronic system in the long term, adequate cabling and power are to be provided throughout the complex to meet the future need for high-speed printing at multiple locations.

Improvements to public areas

28. As in the previous report, proposed improvements to public areas include the reconfiguration of the General Assembly building visitors' area to complement the proposed donation of a visitors' experience pavilion in the North Lawn, connecting to the General Assembly First Basement, as well as various security-related improvements along the visitors' tour route. It is currently anticipated that the visitors' experience project will begin conceptual design work in December 2002 in order to prepare further reports in response to General Assembly resolution 56/236. That schedule would allow the integration and coordination of such improvements with design work for the refurbishment proposed herein for the existing buildings.

Emergency repairs

29. In addition to the planned scope of work listed above, it is anticipated that in the course of implementation existing building systems will continue to break down in areas outside those being renovated, so that emergency repairs will continue to be needed before core refurbishments can be implemented. The cost of such work, which would ordinarily be included in section 31 of the regular budget, is expected to vary from $5 million to $36 million, depending on the construction phasing scheme adopted.

* * *

30. The core refurbishment, essential improvements and emergency repairs described above together constitute the proposed baseline scope. They represent the extent of refurbishment required to meet life safety and building codes and modern security requirements, make rational use of existing space and properly support the work of the Organization in a more efficient manner.

Table 1
Estimated costs of baseline scope
(Millions of United States dollars)

	Updated reactive approach	*CMP 2000*	*CMP 2002 proposed approaches*
Baseline scope			
Core refurbishment	465	792	906-978
Essential improvements	0	74	80
Emergency repairs	771	36	5-36
Total	**1 236**	**902**	**991-1 094**

D. Scope options

31. A number of additional options have been developed for the scope of the refurbishment, in response to the General Assembly's request, including options for (a) greater safety and security, (b) greater degree of emergency backup provisions and (c) a higher level of sustainability. The scope options are intended to bring the complex into the future in order not only to provide the baseline requirements for safety and functionality but to upgrade the complex to the level that would be considered appropriate for a new intergovernmental or governmental building complex. The cost of adding all of the options to the baseline scope for the capital master plan is estimated at $180 million. Many of those measures would be integral to the building systems, and hence would be difficult to implement except as part of an overall refurbishment programme.

Additional security options

32. Enhanced security provisions have been designed to further protect occupants from attacks on physical structures and building elements or against biological hazards intruding from First Avenue and FDR Drive, based on the assessment of potential threats. Some of those proposed enhancements could fall within the purview of the host country's responsibilities, as defined in the host country agreement. Consequently, the cost to the United Nations of those additional security options could be significantly less. Those additional security provisions would include working with the host Government, state and city to fully or partially close First Avenue, or installing the necessary systems and equipment to be able to close First Avenue quickly; hardening the structure between the United Nations service drive and the adjacent FDR Drive; blast-proofing the General Assembly building; and increasing blast-resistant glazing. In addition, to further safeguard the facilities against biological hazards, optional security provisions would also include moving all the remaining air intakes that are at or near the ground to higher levels, beyond those included for the General Assembly and Conference buildings in the baseline scope. That question will be examined with the host Government as well as the host State and City of New York, should that option be selected by the General Assembly. The estimated cost of such additional security measures is $30 million.

Redundancy and contingency options

33. Redundancy and contingency options would provide backup systems beyond those that are required by the current code and included in the baseline scope. Such options are intended to allow the Organization to quickly and reliably resume normal activities after an interruption of services, such as a nearby power failure. They also provide redundant building systems that allow the full functioning of communication and system controls even in the event of equipment failure. Such additional measures are similar to those found in new buildings elsewhere addressing concerns for business continuity. They include:

(a) Installation of increased on-site emergency power capacity to serve the first basement corridors and three additional conference rooms, as well as all critical technical, controls, communication and data-storage equipment rooms, in addition to the spaces currently provided with full emergency power (currently, Conference Rooms 4, 5 and 6 and the Security Council Chamber have full emergency power). Electrical power interruptions to the whole or part of the Headquarters complex can be caused by problems with electrical distribution from outside or within the complex. In addition, voltage drops during

high outside power demand periods can result in equipment failures or shutdown. The best means to restore or maintain continuity of essential operations during loss of power or voltage reductions situations is to have sufficient on-site power-generating capacity through diesel and gas-powered generators that could help the facility to withstand such situations;

(b) Installation of additional incoming electrical, steam and water service lines, so that the failure of one line allows essential operations to be maintained from other lines. Under the host country building design practices, most buildings and complexes are provided with a single set of incoming utility and service lines that are backed up from multiple sources. However, the piping and cabling infrastructures in New York City are ageing and overstressed during peak load periods. As a result, problems resulting from leaks, ruptures or other failures of single lines are becoming more frequent and require longer periods to correct and restore normal service. By providing backup lines for each of the essential services, buildings can be switched to alternative sources while the damaged source is repaired;

(c) Installation of a second river water intake line to allow the central cooling plant equipment to continue to function if the existing line is damaged or needs to be shut down for maintenance. Continuous supply of river water is necessary to operate the central cooling plant;

(d) Installation of a cooling tower as an additional backup source for the central cooling plant to enable uninterrupted operations of critical technical facilities;

(e) Installation of backup equipment for building communications systems. Currently, building communications depend upon a single switch or service equipment and cabling. Their failure would interrupt normal communication. Backup equipment would avoid such occurrences;

(f) Installation of smoke exhaust fans in mechanical equipment rooms to remove smoke more rapidly. By making provision for exhausting smoke through building fans, the removal of smoke would be accelerated significantly;

(g) Installation of a redundant firewater suppression line and tanks to ensure that one of the fire suppression sources would always be available;

(h) Installation of distributed control points for electrical, mechanical and life safety systems to allow continued operation in the event of failure at the central facility, which would permit local control override to restore normal operations if the central control system became inaccessible or disabled.

The estimated cost of the redundancy and contingency options is $75 million.

Sustainable innovation options

34. In keeping with the environmental goals of the Organization, the proposed baseline scope incorporates key measures for improving indoor air quality and working conditions, while simultaneously improving energy efficiency, water conservation, and materials and waste management. In addition to the baseline scope, there are emerging technologies and building equipment and systems designs that further promote sustainable practices and can further reduce resource consumption, waste and impact on the environment. Some of those technologies are already being applied, while others are actively being tested, and by the time the refurbishment of the United Nations complex commences they may already be in common use and essential. Sustainable innovation options include:

(a) Purchase of utilities generated from "green" or "renewable" sources. Currently, power supplied to the Headquarters complex comes from coal, fuel, gas-fired and nuclear or hydroelectric power plants. Most power companies are currently installing green or renewable wind powered or solar geothermal plants, and would provide metred amounts of green power at 5 to 10 per cent premium generating costs;

(b) Use of on-site renewable or alternate energy and water conservation sources, such as solar and photovoltaic cells, small windmills, biomass organic sources and harvesting of rainwater. These are emerging technologies that can facilitate the on-site generation of renewable energy, with greater reliability and less adverse impact on the environment;

(c) Completing the replacement of existing curtain walls with more energy-efficient curtain walls;[4]

(d) Use of super-efficient heating, cooling and electrical equipment, incorporating heat-recovery, free cooling, natural ventilation and greater local controls. The baseline scope includes high-efficiency equipment. However, with 5 to 20 per cent incremental costs,

equipment with much greater efficiency with improved local controls can be provided;

(e) Biological and chemical contamination controls. Traditional biological and chemical contamination controls are included in the baseline scope. With this optional provision, critical areas would be provided with higher-efficiency filters and more supervised controls of air circulation;

(f) Further reduction of storm water run-off. By providing on-site water holding or porous facilities, most of the rain/storm water would be retained for irrigation and other purposes;

(g) Use of construction materials with higher recycled/renewable materials content;

(h) Extra measures to further reduce construction waste by contractually requiring all contractors to send recycled materials to shops that reuse such materials.

The estimated cost of the sustainable innovation options is $75 million.

E. Scope: summary

35. The baseline scope of the refurbishment work described above includes core refurbishment and improvements in the areas of meeting facilities, conference and multifunction spaces, technology spaces and public areas used by visitors, as well as rationalizing the use of space. The cost of the baseline scope is estimated to range from $991 million to $1,094 million. In addition, three scope options (additional security options, redundancy and contingency options, and sustainable innovation options) have been proposed, at an estimated additional cost of up to $180 million. In order to proceed with the capital master plan, the scope of the work should be established, which would involve two elements: (a) concurrence with the baseline scope, and (b) selection of scope options that should be added to the baseline scope. It is the recommendation of the Secretary-General that the baseline scope be considered a prudent minimum approach, and that the scope options be included as well in order to position the United Nations Headquarters complex to best meet the needs of the future.

Table 2
Estimated costs of baseline scope and scope options
(Millions of United States dollars)

	Updated restricted approach	*CMP 2000*	*CMP 2002 proposed approaches*
Baseline scope	1 236	902	838 to 894
Increased security			+$55
Increased escalation			+$50
Increased construction contingency			+$48 to +$95
Total	**1 236**	**902**	**991 to 1 094**
Scope options			
Additional security options	0	0	Up to 30
Redundancy and contingency options	0	0	Up to 75
Sustainable innovation options	0	0	Up to 75

F. Phasing and swing space

36. The selected scope of work can be implemented in a number of different ways, and the need for temporary swing space will change accordingly. In addition, phasing and swing space availability will influence the cost and duration of the project, the ability to control the risk of cost overruns, and the degree of disruption, inconvenience and dispersal required during refurbishment.

37. In the previous report, three options were presented for phasing the refurbishment — a three-year, a six-year and a 12-year option. The recommended six-year option envisaged the work being carried out in small increments, with the United Nations maintaining full activities on site for both conferences and the work of the Secretariat. The swing space requirement for conferences and meetings was to be met through the construction on site of one large conference room, one multi-purpose room and three mid-size meeting rooms. Swing space for the Secretariat was envisaged through leasing from UNDC, with options for commercial leasing or construction. Two types of construction options were proposed: an addition to an existing building, such as the Secretariat, Dag Hammarskjöld Library or South Annex buildings,

of the construction of a new building in either the North Lawn or South Annex areas.

38. In contrast, under the current preliminary phase, the phasing and swing space alternatives were developed based on detailed construction schedules, specific logistics plans and more detailed consideration of the requirements for maintaining operations. The three-year option was found to be unrealistically short and the 12-year option unnecessarily long, without any corresponding advantages. The viable alternatives developed from among the myriad of options for phasing were focused on maintaining the schedule of conferences and the work of the Secretariat. The most challenging task was to find a practical swing space option for the functions of the General Assembly and Conference buildings.

39. It has since been determined that there are two possible fundamental approaches to the implementation of major refurbishment work. One approach is to vacate as much of the site as possible and perform the work as quickly as possible, which would necessitate substantially larger swing space. The other approach is to perform the work in smaller increments and relocate staff and functions as needed so that refurbishment could be completed in a given number of floors at a time in each building. Viable alternatives have been developed using the two different approaches, as set out below.

First approach

40. The first approach is to relocate all possible functions for the duration of the construction, including all conferences and the work of the Secretariat. This approach was not contemplated in the original CMP 2000. Due to the large swing space requirements that result from this phasing alternative, particularly the continuous requirement for meeting facilities, it was found that the only feasible method for the implementation of this option would be through significant assistance from the host city. In that connection, in July 2002 the City of New York indicated its willingness to consider the construction by UNDC of a new building of approximately 750,000 to 800,000 square feet (ft^2) (69,680 to 74,320 square metres (m^2)) immediately south of the United Nations Headquarters complex, between 41st and 42nd Streets. Such a building would provide significant swing space and house the majority of both Secretariat and conference and meeting room functions during the refurbishment of the entire Headquarters complex. In total, approximately 2,800 United Nations staff from the Secretariat building would be temporarily relocated to the new building.

41. Under this approach, after completion of CMP, the new UNDC building would be used to consolidate the currently leased space in the UNDC-1 and UNDC-2 buildings, as well as existing overflow offices located in commercially leased premises, with the objective of securing leasing costs comparable to the current UNDC buildings. The existing leases in UNDC-1 and UNDC-2 would then be concluded. The UNDC-1 and UNDC-2 buildings currently contain approximately 670,000 ft^2 (62,250 m^2) of United Nations and United Nations Development Programme leased space. The United Nations also leases 161,000 ft^2 (14,960 m^2) of office space in commercial buildings in surrounding areas as of July 2002. The proposed new building would have a more efficient floor plate than the current UNDC-1 and UNDC-2 buildings, and would be able to accommodate the same number of people in slightly less space. That consolidation of the existing widely dispersed offices would result in a more efficient operation, with no net addition in leased space. Performing the refurbishment work on a largely unoccupied site would substantially reduce the time, cost and potential for cost overruns and delays. It would also reduce the *perceived* risk of exposure to hazardous materials. The estimated duration of the capital master plan under this approach is less than five years. In the event that the planned new building materializes, UNDC may exercise its option to dispose of the UNDC-1 and UNDC-2 buildings. The cost of the swing space is estimated at $96 million, assuming that an area of 800,000 ft^2 (74,320 m^2) is leased at $30 per ft^2 for four years, including fit-out and moving costs.

42. It should also be noted that if the proposed new building is constructed by UNDC, the new large conference room similar in size to Conference Room 1 and the multi-function hall that are included in the baseline scope (see paras. 21-23 above) could be provided instead in the new building on a permanent basis. That would result in a reduction of $57 million in the cost of the baseline scope but would also incur lease cost, which is currently estimated at $1.5 million per year.

Second approach

43. The second approach is to perform the work in increments, as envisaged in the original capital master plan. By creating a large conference room, a multi-function hall (temporarily adapted for meetings) and three mid-sized 60-person meeting rooms first, the refurbishment of the General Assembly and Conference buildings could be undertaken in small phases, using night and weekend construction. Under this approach, there would be no need for the construction of a large building, as contemplated under the first approach with the cooperation of the City of New York. The estimated duration of the capital master plan under this approach is six years.

44. For office swing space in the incremental second approach, one solution is to immediately replace the South Annex building, which currently houses the cafeteria, with a four-storey building of 110,000 ft^2 (10,220 m^2), matching the height of the Dag Hammarskjöld Library and the Conference building. This is a location with minimal architectural impact, which would serve to alleviate part of the long-term space needs after construction. With other internal relocations, and supplemental commercial leasing of another 110,000 ft^2 (10,220 m^2), this would allow the Secretariat to be refurbished in increments averaging 10 floors. The cost of a new South Annex building and related leasing for swing space would be $66 million. Remaining buildings would be phased through internal relocations. Upon completion of the capital master plan, the new South Annex building would add 46,000 ft^2 (4,274 m^2) of office space, which would correspondingly decrease the need for commercially leased space. One option in the design of the new South Annex building would be to consolidate kitchen operations and relocate the cafeteria to the 4th floor, upon completion of the capital master plan, which would also allow increased cafeteria seating.

45. Other options considered for swing space included a new building of approximately 200,000 ft^2 (18,580 m^2) on the northern portion of the United Nations site, to be used as temporary meeting space during construction and to serve in the long term as a location for the consolidation of overflow offices currently located in commercial space. However, that location would permanently impact the north garden and be a significant loss of green space for both the United Nations community and the surrounding neighbourhood. It is not considered an appropriate or feasible alternative. Additions to existing buildings, which were considered in the previous report, have been reviewed and found to be destructive to the harmony of the architectural composition of the complex as a whole. Commercial leasing remains an alternative but has no long-term advantages and comes at market prices over which the United Nations has no influence.

46. The second approach would cause the least disruption of the meeting programme. However, the risk of cost overruns, delays, disturbance and perceived risk of exposure to asbestos is the highest in this scenario. The cost of the respective scenarios, including swing space, is shown in table 3, in relation to the updated reactive approach and the CMP 2000 proposal.

47. The two approaches vary slightly in terms of energy savings, because the first approach would allow completion in less than five years whereas the second approach would require at least a six-year construction period. However, in either case the energy savings over 25 years as a result of more efficient equipment and the introduction of an automated building control system are conservatively estimated at $241 to $251 million, in comparison to the reactive approach. The avoided cost is shown in table 4.

V. Management

48. The management requirements for the remaining phases of the capital master plan are projected to involve three major components, whose roles would change in the different phases. A context diagram is provided in annex I. The current preliminary design phase would be followed by two more design phases: design development and construction documentation. Following the completion of construction documentation, the competitive procurement process, in accordance with the Financial Regulations and Rules of the United Nations, would be used to establish contracts for the construction work, which would probably be divided into several separate contracts, both to open the bidding process to more firms and to allow early bidding for the initial phases of the construction work. The construction phase would then be implemented.

Table 3

Estimated costs of construction, emergency work and swing space

(Millions of United States dollars)

	Updated master approach	*CMP 2000*	*CMP 2002*	
			First approach	*Second approach*
Emergency work	771	36	5	36
Construction				
Buildings				
General Assembly	60	75	118	128
Conference	39	68	149	153
Secretariat	190	330	261	276
DHI Library	13	22	38	41
North Lawn extension	9	16	19	20
South Annex	6	9	12	0[a]
UNITAR	5	10	6	6
Infrastructure	111	190	210	213
Security	33	22	77	77
Site and landscaping	05	10	9	9
Essential improvements	0	74	[b]	[b]
Contingency	9	40	88	135
Construction subtotal	**465**	**866**	**986**	**1 058**
Subtotal emergency and planned construction	**1 236**	**902**	**991**	**1 094**
Swing space	0	62	96	66
Total	**1 236**	**964**	**1 087**	**1 160**

[a] Not refurbished: cost of demolition and replacement included in swing space.

[b] Included above.

Table 4
Overall estimated costs, including avoided costs: baseline scope, swing space, 25-year energy costs and scope options
(Millions of United States dollars)

				CMP 2002	
		Updated reactive approach	*CMP 2000*	*First approach*	*Second approach*
		(a)	*(b)*	*(c)*	*(d)*
1.	Baseline scope	1 236	902	991	1 094
2.	Swing space	0	62	96	66
3.	**Total (1+2)**	**1 236**	**964**	**1 087**	**1 160**
4.	Avoided construction/alteration costs			3 (a)-3 (c) 149	3 (a)-3 (d) 76
5.	25-year energy costs	852	326	601	611
6.	Avoided energy costs			5 (a)-5 (c) 251	5 (a)-5 (d) 241
7.	**Total, including energy (3+5)**	**2 088**	**1 290**	**1 688**	**1 771**
8.	**Total avoided cost (4+6)**			**400**	**317**
9.	Scope options				
	Additional security options	0	0	Up to 30	Up to 30
	Redundancy and contingency options	0	0	Up to 75	Up to 75
	Sustainable innovation options	0	0	Up to 75	Up to 75
10.	**Total scope options**	**0**	**0**	**Up to 180**	**Up to 180**

49. The management structure of the capital master plan would consist of three main components: the CMP programme management group, the architectural and engineering team, and the construction management team. In the design development and construction documentation phases, the architectural and engineering design team would take the substantive lead, with the Construction Manager providing advice. In the final two phases, procurement and construction, the Construction Manager would take the lead, in particular in the construction phase, when the Construction Manager would direct the construction contractor(s). Throughout all phases of implementation, the CMP programme management group would provide oversight for the architectural and engineering design team and the Construction Manager, and would manage the entire process, including budget, schedule, cost and quality control, with the support of an outside consulting firm.

50. In order to implement the capital master plan, it is vital that a dedicated United Nations programme management group be established with adequate resources and specialized expertise, and that that group be empowered to operate with sufficient autonomy and maximum flexibility. The capital master plan will be a time-limited and mission-specific endeavour, and the group should therefore not be a permanent addition to the existing organizational structure. The group should be empowered to take decisions in a timely fashion in consultation with concerned departments, as appropriate. The adequacy of the programme management group would be a significant factor in the successful delivery of the capital master plan at the planned budget, schedule and quality levels. The

experience of organizations which have gone through similar refurbishment projects underscores the importance of such arrangements.

51. The management group would be headed by a senior United Nations official. In addition to the overall supervision of the capital master plan project, the concerned senior official would act as the special representative of the Secretary-General for the proposed advisory board and the visitors' experience project, which are described in detail below in paragraphs 66 and 53, respectively.

52. Based on the experience of other organizations, and on expert advice, it is anticipated that the group would consist of approximately 40 staff at the peak of construction, including temporary project personnel and consultants, beginning with a group of 20 during the design development and construction documentation phases. The group would carry out the management and supervision, cost control, overall user coordination, schedule responsibility, resource mobilization and liaison functions. It would include a technical director and deputy director, a special assistant to the senior official, senior project managers, programme control specialists, procurement planning professionals, and specialists covering cost management, contract management, scheduling, quality control, accounting, cost engineering, budget and direct support services. The programme management group would receive support from concerned offices and departments in the areas of legal services, treasury, human resources, procurement, public information, conference services, and other services. The structure of the proposed programme management group is shown in annex II.

53. The programme management group would also be responsible for the implementation of the visitors' experience project once it is approved by the General Assembly. It would work closely and coordinate fully with the concerned departments, particularly the Departments of Management, General Assembly and Conference Management, and Public Information, as well as the potential donor, UNA/USA.

54. The architectural and engineering design team would be responsible for the completion of the design phases (design development and construction documentation), and for providing professional advice and support during the procurement and construction phases of the capital master plan. At the request of the United Nations, the architectural and engineering group selected for the preliminary design phase could continue to provide professional services throughout the subsequent phases of the capital master plan.

55. Depending on the direction of phasing and swing space, different construction management scenarios would be appropriate. In general, scenarios involving greater control on the part of the Construction Manager and construction contractors, such as a new building or a vacant site, would result in greater potential profit for the construction team and therefore a greater willingness to take financial risk and responsibility. Scenarios involving occupied premises would probably require greater United Nations responsibility, greater final cost and less possibility of using financial incentives to reduce the project time frame. The construction management approach and the construction management team would be selected after the direction of the project has been determined by the General Assembly.

56. The cost of the three management components of the capital master plan — the architectural and engineering team, the construction management team and the CMP programme management group — would account for approximately 16 per cent of the total cost and is included in the capital master plan project budget, in the amount of $22.5 million in the first year and $22.0 million in the second year of the remaining design phases, when the bulk of the architectural and engineering design fees would be required.

57. The implementation of the capital master plan would have an impact on many activities of the Organization. Some activities would inevitably be curtailed or scaled down during the construction period, such as services to visitors, special events and special sessions of the General Assembly. Other activities would be difficult to conduct during certain periods of the construction and might be temporarily held at other locations. In order to avoid undue impact on delegates, staff, visitors and activities of the Organization, the impact of each phase of construction would be carefully assessed and a plan developed for each phase. That might involve temporary adjustments in activities, redeployment of staff and other solutions. The development of such a plan would require time and effort from each department and office of the Secretariat.

VI. Cost overruns

58. In its resolution 55/238 IV on the capital master plan, the General Assembly requested that details of measures to prevent cost overruns be identified and reported thereon. Cost overruns on capital construction projects result mainly from one or more of the following factors:

(a) Incomplete and inaccurate budgeting;

(b) Inadequate contingencies for unforeseen factors, particularly in the renovation of occupied buildings;

(c) Programme changes to the designs requested by the owner, in this case the United Nations, during the construction documentation and construction phases;

(d) Incomplete or poorly coordinated construction documents;

(e) Delays caused by owner inactions, typically resulting from the lack of flexibility required to make prompt decisions, or by an overly complex decision-making process.

The measures proposed to prevent each potential cause of cost overruns are described below.

59. The budget for the capital master plan has been prepared by the design team, based on a full and complete analysis of the existing conditions of the United Nations complex. The specialty firm responsible for the estimate is a large construction company familiar with the local market, and was in fact among the firms involved in the construction of the three original Headquarters buildings. In compiling the budgets, the design team has adopted a prudent and conservative approach.[5] In addition, the estimates were reviewed independently by a separate construction management firm based in New York City, and adjustments made accordingly.

60. A design and planning contingency of 15 per cent is included in the estimates to account for the cost changes that will occur during the development of more detailed designs. In addition, a construction contingency has been calculated to take account for the fact that the renovation will be a public sector project, located in a busy construction market, with the specific challenges of construction work in New York City. The construction contingency is set at 10 per cent in the first approach and 15 per cent for the second approach, reflecting the greater difficulty of refurbishment of occupied premises on an operating site. Notwithstanding the contingency provisions as well as prudent cost estimates for the entire capital master plan, it is the strong advice of other experienced organizations that, for budgeting and appropriation purposes, preliminary phase estimates be considered the mid-point of a cost range that could reasonably increase or decrease by 10 per cent. It is believed that that consideration is especially relevant for the United Nations in view of its budgeting and appropriation process.

61. Programme changes can be controlled by a management team that ensures that the designs meet user requirements appropriately, and by a firm policy of avoiding additions to the scope after the design development phase. The accuracy of the construction documents can also be improved through quality control measures taken by the CMP management team during the design process, and through independent reviews by the Construction Manager.

62. If the United Nations complex can be largely vacated and full control over the construction work given to the construction management team, the risk of delays and hence cost overruns would be substantially reduced. In such a scenario, in which the Construction Manager were given complete control of the site, the United Nations would have the opportunity to use financial incentives to reduce the project duration. Opportunities would also exist to segment the site and enable the construction work to be performed by more than one general contractor, which would increase competition by enabling smaller firms to compete for parts of the construction work. All those factors have implications for the ultimate cost of the capital master plan and have led to the recommendation of the variance of 10 per cent mentioned in paragraph 60 above.

VII. Financing

63. In the previous report, three possible sources of funding were mentioned: special assessments, the programme budget and voluntary contributions, in cash or in kind, from public and private sources. As to financing options, consideration was given to a cash payment option and deferred payment options, including interest-free loans from Member States and the possibility of commercial borrowing through bond

issue. Those possible sources of funding and financing options remain valid.

64. The United Nations Headquarters complex was built through a gift of $8.5 million (equivalent to $72.6 million in year 2000 dollars) from John D. Rockefeller Jr., which enabled the Organization to purchase the land; in-kind provisions of land, access and improvements to surrounding streets from the City and State of New York; and an interest-free loan of $65.0 million (equivalent to $449.2 million in year 2000 dollars) provided by the host Government for the construction and furnishing of the Headquarters buildings. That loan was repaid through the regular programme budget over a 31-year period from 1951 to 1982.

65. Bearing those precedents in mind, for the purpose of the present report it is anticipated that financing would follow the 1951 model of an interest-free loan, to be repaid through the regular programme budget over a period of 25 to 30 years. Such an arrangement would enable the potential savings in utility costs gained from the implementation of the capital master plan to be used to assist in the repayment of the interest-free loan. Possible annual debt service would amount to $36 to 47 million, depending on the repayment period selected and phasing options chosen.

66. An advisory board, which was originally referred to as a financial advisory board in the previous report, is currently being formed to advise the Secretary-General on financing matters and to provide advice on overall project issues. The Secretary-General is also prepared to initiate a campaign to secure private donations, with the assistance of the advisory board. Although the core refurbishment of the existing premises, with its heavy emphasis on infrastructure improvements, may not be appealing to private donors, some aspects of the capital master plan may be of interest. Any private donations will have to conform to the international and intergovernmental character of the Organization and its financial regulations and rules.

67. Notwithstanding his preparedness to engage in the mobilization of public and private resources, the Secretary-General is mindful that such donations cannot be relied upon as a main component of the financing package for the capital master plan. First, the refurbishment of largely unseen infrastructure is unlikely to be an attractive proposition for donors. Second, phasing and schedule will be a key determinant of the refurbishment cost. It should be noted that the cost of CMP will escalate at the rate of $35 to $40 million per year in the event of delay. Thus, unless donations become available in a timely fashion without the need for modification to the phasing, they could in fact cost the United Nations more. Furthermore, resource mobilization from private sources will probably compete with that for the visitors' experience project, for which UNA/USA is taking the initiative, following the favourable reaction of the General Assembly at its fifty-sixth session.

68. During the original construction of the Headquarters complex some 50 years ago, special donations have received for the interiors of the Council Chambers and other significant spaces. Similarly, gifts continue to be received from Governments and private sources alike to upgrade or refurbish the existing facilities. Recent examples include a donation from a Member State for the upgrading of the Economic and Social Council Chamber, an anonymous private donation for the auditorium of the Dag Hammarskjöld Library, and an upgrade of Room GA-200 behind the General Assembly Plenary Hall, which is under consideration by a Member State. Under the circumstances and taking into account the precedents cited above, the Secretary-General believes that the primary emphasis of his fund-raising efforts should continue to be for upgrading of specific Headquarters facilities, such as chambers, meeting rooms and public areas, rather than for the core refurbishment as such, and that the implementation of the capital master plan should not be conditional on the realization of voluntary contributions.

69. In the previous report (see A/55/117, paras. 81-88 and annex), the option of outside commercial borrowing through bond issue was examined in detail. Without any doubt, that option is less preferable than interest-free loans or voluntary donations because of interest costs and the institutional and legal requirements to support that financing option. However, in view of the substantial savings that would arise from the implementation of the capital master plan in the form of avoided capital and energy costs, as compared with the continuation of the reactive approach, that option remains valid. With the estimated cost of the updated reactive approach starting at $2,088 million and the estimated cost of the capital master plan starting at between $1,688 million and $1,771 million, including estimated energy and swing space costs as shown in table 4, the avoided cost is estimated

to be within the range of $317 to $400 million, as compared with the forecast in the previous report of $354 million, for a 25-year period. That sum could be used to cover the interest costs of commercial borrowing on the same basis as bond issues, as described in the annex to the previous report.

VIII. Implementation

70. Since the preliminary design phase has been completed, with the identification of the two viable approaches, including the proposed swing space arrangements with the City of New York, the implementation of the capital master plan could be initiated as soon as the General Assembly completes its review of the Secretary-General's proposal. Given the magnitude of financing involved, the General Assembly may wish to authorize the Secretary-General to proceed first with the design phases of design development and construction documentation, from the Construction (A) portion of section 31 of the regular budget. The detailed design work, the management of the design work, including the establishment of a dedicated CMP programme management team, associated support costs and the retention of the Construction Manager are estimated to cost $22.5 million for 2003 and $22.0 million for 2004. In the event that the General Assembly authorizes any of the additional scope options, there will be a need for additional appropriation of up to $12.0 million for 2003 and 2004 combined.

71. Once the design development and construction documentation phases are under way and the required financing is secured, the procurement action for the refurbishment and construction could be initiated as early as July 2004, assuming a design development start date of January 2003. Procurement could be followed by the initial phases of construction immediately thereafter, in October 2004. The initial phase would require approximately one year and would involve infrastructure work and procurement. Relocation of meetings or offices would not be required in the initial phase.

72. It is the current assessment of the City of New York that the required swing space in the proposed new UNDC building could be made available for occupancy by the United Nations in September 2005, assuming that the City completes its rezoning and other requirements within the next 12 months. Once the relocation of conferences and meetings and Secretariat offices to the planned swing space is completed, actual on-site construction could start in the Headquarters complex.

73. In the event that the provision of swing space by the City of New York did not materialize, it would be necessary to adopt the second approach for phasing and swing space. Given the time sensitivity of the capital master plan implementation — i.e., cost increases of $35 to $40 million per year from delays — it is recommended that the second approach be approved in advance as a fall-back position, along with the first approach, so that a timely decision could be made to adopt the second approach if necessary.

IX. Conclusion

74. The Secretary-General believes that a thorough review of the capital master plan has been completed addressing all issues highlighted by the General Assembly in its resolution 55/238, and that a decision can be made by the General Assembly at its fifty-seventh session for the implementation of the planned refurbishment of the United Nations Headquarters complex in New York, subject to a satisfactory consideration of financing.

75. At the request of the United States Congress and with the concurrence of the United Nations, the United States General Accounting Office reviewed the capital master plan project from February to June 2001.[6] The Office concluded, under the heading "Results in brief" of its report entitled "U.N. Headquarters Renovation", that the "renovation planning efforts to date, including the cost estimate, are reasonable" and "have conformed to industry best practices."[7] It is expected that the Office will assess CMP again in September 2002.

76. In theory, the reactive approach to continue major maintenance and repair on an ongoing basis through the biennial budget could remain as an option at least in the short term. In practice, however, that is not an option both substantively and financially. Delegates, staff and visitors will increasingly be subjected to serious safety and security hazards. The work of the Organization is expected to be progressively interrupted by building, equipment and system failures. The existing facilities will not be able to cope with the continually growing demands of Member States, civil society and the public for the Organization. In

budgetary terms, the reactive approach will not be sustainable in the long run because the cost of major maintenance and emergency repair, as well as of energy, will become prohibitively high within the next few years, as already pointed out in the previous report. Worse still, in spite of substantial expenditures, which are now estimated to reach $2,088 million over the next 25 years, serious deficiencies in building and safety codes, security, hazardous materials, universal accessibility and energy efficiency will remain.

77. Accordingly, the Secretary-General has concluded that there is no choice but to proceed with the implementation of the capital master plan. The only question remaining is how to implement the refurbishment programme in the most efficient and cost-effective manner. There are basically two ways to implement the capital master plan. One is to vacate most if not all of the headquarters complex and to carry out the refurbishment programme as expeditiously as possible. That approach, while very attractive, was not seriously considered initially because of the substantial requirement for swing space for the General Assembly and Conference buildings, as well as the Secretariat building. The recent proposal by the host City of New York, however, has drastically changed the situation. The other approach advocated in the previous report was to carry out the planned refurbishment in an incremental manner, with a minimum of swing space requirements. That approach continues to be technically and environmentally valid. Without doubt, the first approach is the most desirable from the standpoints of the possible impact of the refurbishment programme on the Organization's work, the project cost and duration, cost overruns and the perceived environmental implications for delegates, staff and visitors during the implementation.

78. Recently, it has become clear that the host City of New York is prepared to render as much support as possible for the Organizations' capital master plan effort. In fact, the City has indicated that every effort will be made for UNDC to construct a new building large enough to house most if not all the Secretariat offices and conference and meeting rooms on the site located immediately south of the United Nations Headquarters complex. Upon completion of the capital master plan, that building could be used to consolidate the current United Nations offices located in the UNDC-1 and UNDC-2 and other commercially leased buildings. The City has indicated that it must take a number of public approval actions before a decision may be taken to proceed with such construction.

79. The cooperation of the host City of New York is indeed a welcome development. I would make the first approach to phasing and swing space viable and possible. There are numerous advantages in that approach. It would reduce the cost of the capital master plan by $73 million in comparison to the second approach; shorten the refurbishment period by at least one year; minimize the possibility of cost overruns; and substantially mitigate the impact of the refurbishment programme on the Organization's work.

80. The Secretary-General believes that it is prudent for the Organization to maintain the second approach as a fall-back position, pending the outcome of the host city's efforts, which will become known within the next 12 months. In the incremental second approach, a decision is needed for the construction of swing space for both the Secretariat and the General Assembly and Conference buildings. It is the considered opinion of the Secretary-General that the construction of a four-story new building on the site of South Annex building would significantly improve the functionality of the Headquarters complex, in addition to serving as a good location for on-site swing space. Through the relocation of various other building functions, it is possible to construct one large conference room and one large multipurpose room in the current garage areas in the First and Second Basements, while maintaining the current number of parking spaces elsewhere in the basement.

81. The Secretary-General believes that, as a minimum, the capital master plan should be implemented on the basis of the baseline scope, which consists of core refurbishment and essential improvements. Recognizing, however, that the capital master plan represents a one-time opportunity, serious consideration should be given to proceeding with the implementation of the additional scope options for the proposed security enhancements, additional redundancy in building systems and equipment, and sustainable and green renovation so that the United Nations complex can be equipped well into the twenty-first century.

82. The Secretary-General is mindful that the proposed capital master plan will require substantial financial resources. Recognizing that the United Nations is an intergovernmental body and in view of precedents at United Nations Headquarters and

elsewhere, including the locations where United Nations organizations and specialized agencies maintain their headquarters,[8] serious consideration should be given to financing the capital master plan through an interest-free loan from Member States, without prejudice to the Secretary-General's continuing efforts to mobilize financial resources from both public and private sectors. Failing the securing of an interest-free loan, consideration should be given to resorting to commercial borrowing through bond issues based on the framework explained in the previous report.

83. It is the understanding of the Secretary-General that the host City of New York will make every effort to construct a new building to be available for occupancy within the next three years, which would be in line with the planned phasing of the capital master plan described in the present report, should the plan be approved by the General Assembly at its fifty-seventh session.

84. The Secretary-General recommends that the General Assembly:

(a) Take note of the hazards, risks and deficiencies of the current condition of the United Nations Headquarters complex, and the viable alternatives proposed by the Secretary-General to ameliorate those conditions;

(b) Welcome with appreciation the offer of support from the City of New York and acknowledge the City's efforts to make possible the implementation of the capital master plan;

(c) Concur that the suggested baseline scope described herein represents a prudent and appropriate programme for correcting existing deficiencies;

(d) Decide on the inclusion of the proposed scope options for additional security, estimated to cost $30 million, improved redundancy, estimated to cost $75 million, and enhanced sustainability, estimated to cost $75 million, bearing in mind that the condition of the Secretariat curtain wall may necessitate the inclusion of $36 million for replacement thereof in the baseline scope rather than as a scope option;

(e) Decide to implement the baseline scope under the first approach, which is estimated to cost $1,087 million, including the cost of swing space of $96 million, with a reduction of $17 million previously appropriated for security measures, resulting in an adjusted cost of $1,070 million;

(f) Authorize the preparation of complete design documents for the implementation of the baseline scope, under the first approach to phasing and swing space, and the elected scope options, within the proposed construction budget figures noted above, respectively, with a variance of 10 per cent, reflecting a planned construction start date of October 2004 and a five-year construction duration;

(g) Decide also, as a fall back position, to endorse the baseline scope under the second approach, which is estimated to cost $1,160 million, including the cost of swing space of $66 million, with a reduction of $17 million previously appropriated for security measures, resulting in an adjusted cost of $1,143 million, pending the outcome of the efforts of the City of New York for the implementation of the first approach;

(h) Authorize, as a fallback position, the preparation of complete design documents for the implementation of the baseline scope, under the second approach to phasing and swing space, and the elected scope options, within the proposed construction budget figures noted above, respectively, with a variance of 10 per cent, reflecting a planned construction start date of October 2004 and a six-year construction duration;

(i) Appropriate an amount of $22.5 million under section 31, Construction, alteration, improvement and major maintenance, of the regular budget, for the biennium 2002-2003, for baseline design and management of the design work;

(j) Request the Secretary-General to make provision in the proposed budget for the biennium 2004-2005 for an amount of $22.0 million for further baseline design and management of the design work;

(k) Request the Secretary-General to develop, in consultation with Member States, potential funding arrangements as rapidly as possible for presentation to and approval of the General Assembly so that the required funding will be in place to start construction in October 2004;

(l) Further request the Secretary-General to report to the General Assembly as soon as possible on the outcome of the efforts of the City of New York for the implementation of the first approach.

Notes

[1] Security requirements have also increased since 2000, but for the sake of clarity that component has not been increased in the updated cost of the reactive approach.

[2] The General Assembly, Conference and Secretariat buildings, completed in 1951 and 1952; the Dag Hammarskjöld Library building, donated by the Ford Foundation in 1961; the North Lawn (printing plant) and South Annex (cafeteria) buildings, added in 1978-1982; and the UNITAR building, acquired in 1989.

[3] In locations where the existing pattern of glass and metal includes glass sections that are too large for blast-resistant construction, the original glass wall would be kept and a new blast-resistant glass wall installed behind it.

[4] This may become not an option at the Secretariat building but a requirement. If so, the cost of the baseline scope would be increased by $36 million and the cost of the sustainable options reduced accordingly. Very detailed curtain wall investigation is continuing, and it appears that significant deterioration has occurred since the last inspection in 1998.

[5] It should be noted that the estimates do not include new furniture, except in new conference rooms and the new multifunction hall, nor do the estimates include movable equipment.

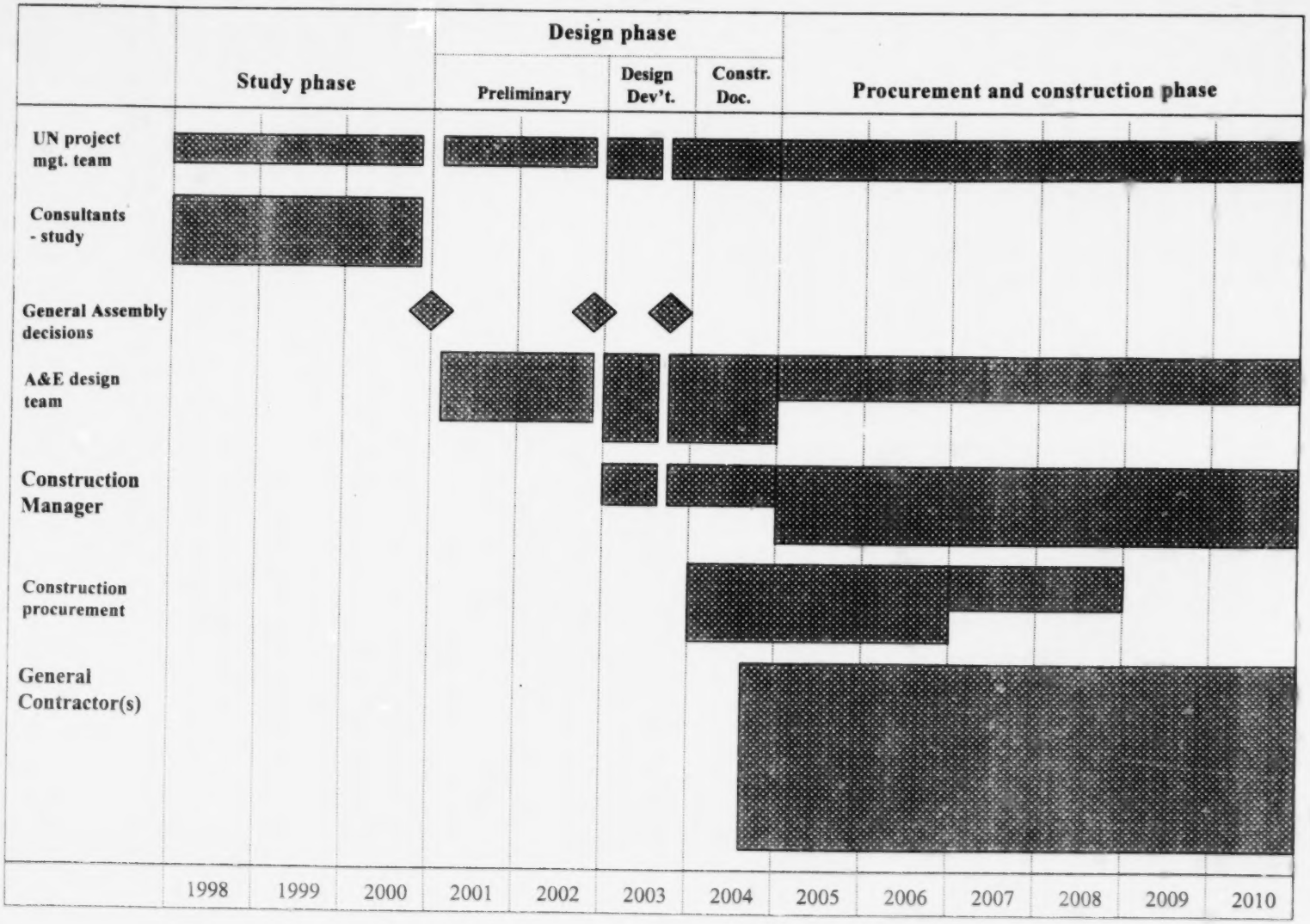
[6] It should be noted that the United Nations Board of Auditors was unable to carry out an assessment of the cost estimates due to conflict of interest considerations.

[7] For more details, please refer to United States Government document GAO-01-788 dated 15 June 2001.

[8] For information on the participation of host Governments and local authorities in maintaining United Nations assets in their respective countries, see A/55/117/Add.1.

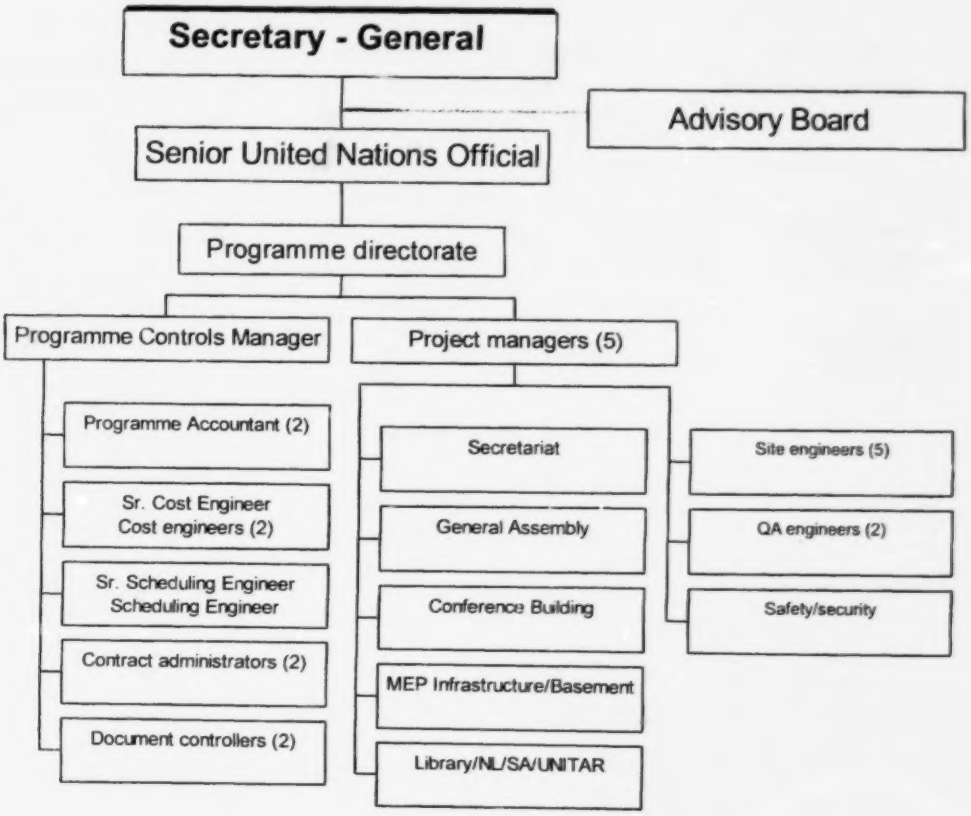
Annex I

Capital master plan: context diagram



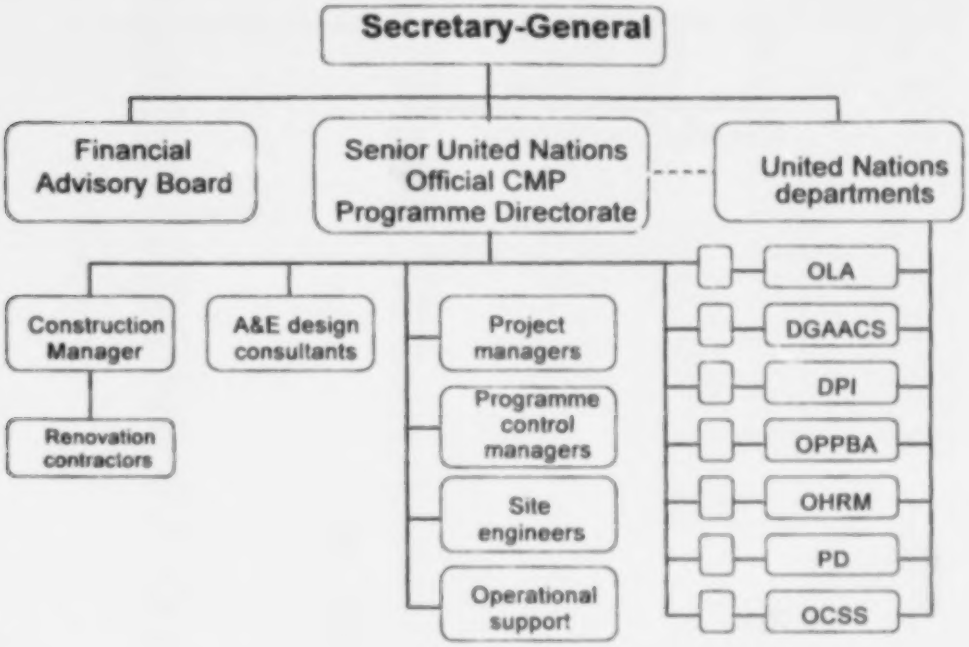
Annex II

Capital master plan: programme management group



Annex III

Capital master plan: organizational relationship diagram



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Fifty-seventh session
Item 105 of the provisional agenda*
Implementation of the outcome of the Fourth World Conference on Women and of the twenty-third special session of the General Assembly, entitled "Women 2000: gender, equality, development and peace for the twenty-first century"

Follow-up to and progress made in the implementation of the Beijing Declaration and Platform for Action and the outcome of the twenty-third special session of the General Assembly

Report of the Secretary-General**

Summary

The present report responds to General Assembly resolution 56/132. It reviews steps taken by the General Assembly and its main committees during its fifty-sixth session to promote the achievement of the goal of gender equality through the gender mainstreaming strategy. Particular focus is placed on actions taken in relation to the follow-up to the United Nations Millennium Declaration and at major events during the past year, namely the International Conference on Financing for Development, the special session of the General Assembly on children and the Second World Assembly on Ageing. An assessment of the work of the Economic and Social Council is also provided. Finally, the report discusses the catalytic role of the Special Adviser on Gender Issues and Advancement of Women of the United Nations Secretariat in support of mainstreaming gender perspectives into all policies and programmes of the United Nations.

* A/57/150.

** Submission of the report was delayed in order to reflect the results of the high-level segment of the Economic and Social Council at its substantive session of 2002.

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I. Introduction

1. The General Assembly, in its resolution 56/132, requested the Secretary-General to report annually to the Assembly, the Economic and Social Council and the Commission on the Status of Women on follow-up to and progress in the implementation of the Beijing Declaration and Platform for Action adopted by the Fourth World Conference on Women, and the outcome of the twenty-third special session of the General Assembly, with an assessment of progress made in mainstreaming a gender perspective with the United Nations system, including by providing information on key achievements, lessons learned and best practices, and to recommend further measures and strategies for future action within the United Nations system. In its agreed conclusions 1997/2 on mainstreaming a gender perspective into all policies and programmes of the United Nations system, the Economic and Social Council clarified the concept of mainstreaming and the central principles associated with it, and addressed specific recommendations to all actors within the United Nations system. The Council encouraged the intergovernmental processes, including the General Assembly, to mainstream gender perspectives systematically into all areas of their work, such as macroeconomic questions, operational activities for development, poverty eradication, human rights, humanitarian assistance, budgeting, disarmament, peace and security, and legal and political matters.

2. Reports on the follow-up to the Beijing Declaration and Platform for Action were submitted to the Commission on the Status of Women, focusing on measures taken within the United Nations system to strengthen gender mainstreaming (E/CN.6/2002/2), and to the Economic and Social Council, focusing on progress in gender mainstreaming in the work of the Council and its functional commissions (E/2002/66).

3. The present report reviews the steps taken by the General Assembly and its Main Committees during its fifty-sixth session, at major events during the past year, and by the Economic and Social Council to promote the achievement of the goal of gender equality through the gender mainstreaming strategy. The catalytic role of the Special Adviser on Gender Issues and Advancement of Women of the United Nations Secretariat in support of mainstreaming gender perspectives is also assessed.

II. General Assembly

A. United Nations Millennium Declaration and the millennium development goals

4. The United Nations Millennium Declaration (General Assembly resolution 55/2) reiterated gender equality both as a goal in itself and as a means to ensure the achievement of the goals of the major United Nations conferences and summits, including those of the Millennium Declaration. The promotion of gender equality should be an integral part of all efforts to achieve the goals of the Millennium Declaration. The Beijing Declaration and Platform for Action and the outcomes of the twenty-third special session of the General Assembly identify strategic objectives and actions which directly support the achievement of the goals and targets of the Millennium Declaration. Those two documents (together with other Conference outcomes) are instruments for targeted action at the national, regional and international levels, by all stakeholders, for the achievement of the goals of the Millennium Declaration.

5. The annex to the report of the Secretary-General on a road map towards the implementation of the United Nations Millennium Declaration proposed 8 goals, 18 targets and over 40 indicators to help focus national and international priority-setting, facilitate monitoring of progress and harmonize reporting (see also General Assembly resolution 56/95; and A/57/270). Goal 3 recognizes the importance of gender equality and provides four indicators for tracking progress in achieving the goal, covering gender disparity in education (two indicators), women's access to employment opportunities in the non-agricultural sector and women's access to political decision-making. It should be emphasized, however, that those indicators alone cannot give a comprehensive picture of the extent to which gender equality is being realized. The goal of promoting gender equality and empowering women, as measured by the four above-mentioned indicators, should therefore be seen as indicative, providing one means of assessing progress. In order to achieve gender equality and the goals of the Millennium Declaration, gender perspectives need to be taken into account in the pursuit of all those goals, and should also be assessed in relation to each of them.

B. International Conference on Financing for Development

6. Steady progress has been made in recent years to clarify the gender perspectives of macroeconomic policy issues, including trade, finance and debt. Building on those insights, particular efforts were undertaken by many stakeholders to reflect gender perspectives in all matters dealt with by the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002 (see also sect. IV below).

7. The Monterrey Consensus adopted by the Conference pays attention to gender perspectives in several areas. Gender equality and the empowerment of women and a gender-sensitive approach are among the goals and aspects highlighted with regard to the mobilization of domestic resources for development, in particular in relation to policy and regulatory frameworks, basic economic and social infrastructure and microfinance. Governments recognized that microfinance for women's micro-, small and medium-sized enterprises, including in rural areas, were important for enhancing the social and economic impact of the financial sector. Governments noted the critical need to reinforce national capacity-building efforts in incorporating gender perspectives in national budgets. In relation to the mobilization of international resources, Governments urged the business sector to also take into account the gender implications of their undertakings. In addressing systemic issues, Governments agreed that in order to strengthen the effectiveness of the global economic system's support for development, gender perspectives had to be mainstreamed into development policies at all levels and in all sectors.

C. Special session on children

8. At its twenty-seventh special session, the General Assembly adopted a document entitled "A world fit for children", including a declaration and a plan of action. Among the principles and objectives of the declaration is a commitment to the elimination of all forms of discrimination against girls and boys, their access to and completion of primary education, and the elimination of gender disparities in primary and secondary education.

9. Gender perspectives are highlighted in the plan of action. The plan emphasized the importance of women's full enjoyment of all human rights and fundamental freedoms, their empowerment to participate fully and equally in all spheres of society, and their protection and freedom from all forms of violence, abuse and discrimination, for the achievement of goals for children, particularly for girls. The plan also recognized the need to address the changing role of men in society, and addressed the shared responsibility of both parents in the raising of children. It covers women's important role in the goals, strategies and actions in relation to the promotion of healthy lives, quality education, protection against abuse, exploitation and violence, and the fight against HIV/AIDS. It makes a strong link between women's health and children's health; women's literacy and children's education; women's access to employment and income-generating opportunities and child labour. The plan also focuses on women in the context of combating the HIV/AIDS pandemic and its devastating effects.

10. Specific actions to promote healthy lives concern the reduction of maternal mortality and morbidity; maternal tetanus; the improvement of maternal health-care services and the nutrition of mothers; and the preventable mortality of girl infants and children. In order to combat HIV/AIDS, the plan places emphasis on achieving a number of agreed goals and commitments, including to challenge gender stereotypes and attitudes and gender inequalities in relation to HIV/AIDS, and to encourage the active involvement of men and boys. The plan's strategies and actions consequently emphasize the need to address the gender dimensions of the epidemic. The role of men in society, as boys, adolescents and fathers, was also emphasized in the context of education.

11. The plan's recommended actions for providing quality education focus on eliminating gender disparities in primary and secondary education, such as gender-sensitive innovative education programmes that address the enrolment, attendance and dropout of girls, including those in difficult circumstances. Adult literacy, especially for women, and the elimination of gender disparities in enrolment and gender-based bias and stereotypes in education systems, curricula and materials are also addressed.

12. In addressing the protection of children against abuse, exploitation and violence, actions focus on the

protection of women and children from abuse, exploitation and violence through ending harmful traditional or customary practices, such as early and forced marriage and female genital mutilation, and the protection of and assistance to refugees and internally displaced women and children. Other actions focus on assessing and monitoring the impact of sanctions on women and children with a view to alleviating their negative effects, and the protection of and provision for the special needs of girls in armed conflict. The plan also covers the needs of women and children who are victims of trafficking.

D. Second World Assembly on Ageing

13. Since the 1982 World Assembly on Ageing, research and awareness about the interaction of gender and ageing has been growing worldwide. At the Second World Assembly on Ageing (Madrid, 8 to 12 April 2002), the gender aspects of ageing received broad attention. In the political declaration adopted by the Assembly, Governments reaffirmed their commitment to promote gender equality, and recognized the need to mainstream gender perspectives into all policies and programmes to take account of the needs and experiences of older women and men.

14. The Assembly stressed that recognizing the differential impact of ageing on women and men was integral to ensuring full equality between women and men, and to the development of effective measures to address that issue. The plan of action covers such areas as women's active participation in society and development; women's unpaid contributions to the community (care for family members, productive subsistence work, household maintenance and voluntary activities in the community); gender-sensitive policies aimed at reconciling work and care-giving responsibilities; women's equal participation in decision-making; women's participation in the labour market and related abilities to build pensions and other resources for their retirement and independence at an older age; older women in rural development; women's access to knowledge, education and training; feminization of poverty; income security and social protection and emergency situations; and women's access to information and communication technologies.

15. The Assembly recognized the particular vulnerability of women to disability at an older age due to, inter alia, gender differences in life expectancy and disease susceptibility, and gender inequalities over the life course. It called for the elimination of gender- and age-based social and economic inequalities in the provision of health-care services. In order to ensure an enabling and supportive environment, the Assembly emphasized women's role in the provision of informal care and the risk faced by older women of physical and psychological abuse. It also recognized that women, who provided most of the informal care, carried the cost in the form of both the financial penalty of low pension contributions, forgone promotions, lower incomes, and the physical and emotional cost of the stress resulting from balancing work and household obligations. That burden had grown because of the HIV/AIDS pandemic. In order to support women in that regard, Governments agreed that community-based care and support to families had to be provided, but also called for further information on how older women in caregiving could be assisted. Governments also decided to encourage the mass media to promote positive images of ageing, in particular of older women affected by misleading and negative stereotypes.

16. Finally, in the context of implementation and follow-up at national level, the plan of action called for national data collection and analysis, including gender- and age-specific information for policy planning, monitoring and evaluation, since research, including age and gender-sensitive data collection and analysis, provided essential evidence for effective policies.

E. General Assembly and its Main Committees

17. At its fifty-sixth session, the General Assembly adopted a number of resolutions that included attention to gender equality and/or gender perspectives, which are summarized below. While none of the Assembly's Main Committees reflected gender perspectives systematically in their outcomes, the Second and Third Committees paid the most attention to those issues. No reference was made to gender perspectives in the work of the Sixth Committee.

1. Resolutions adopted without reference to a Main Committee

18. In plenary session, the General Assembly included references to gender equality in a number of resolutions on cooperation between the United Nations and other international or regional organizations. The

Assembly noted the important contribution of women in the development process, and urged all Member States and the international community to contribute to the efforts of the Economic Community of Central African States to strengthen the role of women therein (see General Assembly resolution 56/39). It acknowledged the contribution of the Council of Europe to the promotion of gender equality (see General Assembly resolution 56/43). Concerning cooperation with the Alliance for the Sustainable Development of Central America and natural disasters, the Assembly recognized the extreme vulnerability of women and children who belonged to the poorest sectors of the population (see General Assembly resolution 56/105). The Assembly welcomed documents of the Ministerial Council Meeting of the Organization for Security and Cooperation in Europe on promoting equal opportunities for women and men (see General Assembly resolution 56/216). With regard to cooperation with the Inter-Parliamentary Union, the Assembly recalled the Millennium Declaration and the resolve to strengthen cooperation in various fields, including gender issues (see General Assembly resolution 56/46). The Assembly noted with satisfaction the joint endeavours on women's issues of the International Olympic Committee and the United Nations system (see General Assembly resolution 56/75).

19. Also in plenary session, the General Assembly adopted a number of resolutions referring to gender equality and/or gender perspectives in relation to humanitarian and other assistance to the Democratic Republic of the Congo, the Federal Republic of Yugoslavia, East Timor and Afghanistan. The Assembly welcomed the continued and increased efforts by the Secretary-General and the United Nations system to ensure that gender perspectives were mainstreamed in the reconstruction agenda of the Democratic Republic of the Congo. The Assembly also expressed its grave concern at the deteriorating economic, social and humanitarian situation in the country and its effects on women and children, and drew attention to the increasing number of women and girls infected by HIV/AIDS (see General Assembly resolution 56/100). The Assembly called upon relevant bodies to provide humanitarian assistance to alleviate the humanitarian needs of the affected population of the Federal Republic of Yugoslavia, bearing in mind the special situation of women (see General Assembly resolution 56/101). In reference to the assistance for East Timor, the Assembly urged continued efforts aimed at the enhanced ownership and participation of women in the rehabilitation, reconstruction and development of the country (see General Assembly resolution 56/104). With regard to Afghanistan, the Assembly considered that only a political settlement aimed at the establishment of a broad-based, gender-sensitive, multi-ethnic and fully representative government could lead to durable peace and reconciliation. It appealed to all States and the international community to ensure that all humanitarian assistance and future rehabilitation and reconstruction programmes integrate a gender perspective and actively attempt to promote the participation of both women and men, and also to ensure that women benefited equally with men from those programmes (see General Assembly resolution 56/220).

20. As to the global agenda for dialogue among civilizations, the Assembly recognized that tolerance and respect for diversity effectively promoted and were supported by, inter alia, the empowerment of women (see General Assembly resolution 56/6). The Assembly encouraged Governments, relevant United Nations bodies and other donors to take further action to promote gender-appropriate mine-awareness programmes, victim assistance and child-centred rehabilitation. It reiterated its dismay at the high number of victims of mines, especially among civilian populations, including women and children, and invited Member States to develop and support national programmes to promote awareness of landmines, especially among women and children (see General Assembly resolution 56/219).

2. First Committee: disarmament and international security issues

21. In the context of regional confidence-building measures, in particular activities of the United Nations Standing Advisory Committee on Security Questions in Central Africa, the Assembly welcomed a decision to organize a subregional conference on the protection of women and children in armed conflict, and requested the Secretary-General to lend all the necessary support for the holding of such a conference (see General Assembly resolution 56/25 A).

3. Second Committee: economic and financial issues

22. The Second Committee addressed the situation of women under its regular biennial item on women in development. In addition, it paid attention to gender equality and/or gender perspectives in relation to industrial development cooperation and human resources development. Gender issues were also noted in the context of the implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006) and of operational activities for development.

23. The Secretary-General's report submitted under the sub-item on women in development (A/56/321 and Corr.1) focused on gender perspectives in access to financial resources. The Assembly recognized the key role women played in the economy and gender equality as fundamental for achieving sustained economic growth and sustainable development, and noted the multiplier effects of investing in the development of women and girls, in particular on productivity, efficiency and sustained economic growth (see General Assembly resolution 56/188). The Assembly also recognized the importance of industrialization as a key element in promoting sustained economic growth and sustainable development in Africa and its role in facilitating efforts to eradicate poverty, inter alia, through gender mainstreaming and the empowerment of women. It called for particular attention to enterprises owned by women and to women entrepreneurs (see General Assembly resolution 56/187).

24. In the context of human resources development, the Assembly recognized the need to integrate human resources development into comprehensive strategies that mainstream gender perspectives. Empowerment of women was considered essential for enhancing human capacity in meeting the challenge of development. The Assembly encouraged the United Nations system to focus, in its cooperation activities, on building human and institutional capacity, with specific attention given to women, girls and vulnerable groups (see General Assembly resolution 56/189).

25. The Assembly expressed its deep concern at the increasing number of women living in extreme poverty, in particular in Africa and the least developed countries. In addressing the causes of poverty, the Assembly highlighted the need to empower women, and invited all Governments and the United Nations system to promote an active and visible policy of gender mainstreaming in all policies and programmes aiming at eradicating poverty. It encouraged the use of gender analysis as a tool for the integration of a gender dimension into planning the implementation of policies, strategies and programmes, and emphasized the role of microcredit as an important anti-poverty tool, promoting production and self-employment and empowering women living in poverty. It noted the critical role of formal and non-formal education, in particular for girls, in empowering those living in poverty (see General Assembly resolution 56/207).

26. In its resolution (see General Assembly resolution 56/201) on the triennial policy review of operational activities, the Assembly welcomed efforts to improve the gender balance in the resident coordinator system. One of the resolution's sections dealt with gender, welcoming progress achieved in gender mainstreaming in operational activities and encouraging further work in the area of equitable access to financial and productive resources to ensure a reversal in the feminization of poverty. It also encouraged continuing efforts to improve gender balance, called for renewed and accelerated efforts in gender mainstreaming in the framework of the operational activities for development, in particular in support of poverty eradication, and encouraged the empowerment of women as a priority for operational activities for development.

4. Third Committee: social, humanitarian and cultural issues

27. Two items of the Third Committee — advancement of women and follow-up to the Fourth World Conference on Women — are specifically devoted to gender equality. Under those items, the Assembly adopted resolutions on the situation of older women in society (see General Assembly resolution 56/126); traditional or customary practices affecting the health of women and girls (see General Assembly resolution 56/128); improvement of the situation of women in rural areas (see General Assembly resolution 56/129); and violence against women migrant workers (see General Assembly resolution 56/131); the Convention on the Elimination of All Forms of Discrimination against Women (see General Assembly resolution 56/229); the critical situation of the International Research and Training Institute for the Advancement of Women (see General Assembly

resolution 56/125); the United Nations Development Fund for Women (see General Assembly resolution 56/130); and the improvement of the status of women in the United Nations system (see General Assembly resolution 56/127). The Assembly also adopted a resolution on the follow-up to the Fourth World Conference on Women and full implementation of the Beijing Declaration and Platform for Action and the outcome of the twenty-third special session of the General Assembly (see General Assembly resolution 56/132).

28. Attention to gender equality and/or gender perspectives was included in the agenda items on social development, including questions relating to the world social situation and to youth, ageing, disabled persons and the family; human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms; and human rights situations and reports of special rapporteurs and representatives. References were also made to gender perspectives in the areas of crime prevention and criminal justice; international drug control; questions relating to refugees, returnees and displaced persons and humanitarian questions; the promotion and protection of the rights of children; and the implementation of human rights instruments.

29. In the context of social development, the General Assembly emphasized that equality between women and men and respect for the human rights of all family members were essential to family well-being and society at large (see General Assembly resolution 56/113). The Assembly recognized that cooperatives promoted the fullest possible participation in the economic and social development of women, and were becoming a major factor of economic and social development (see General Assembly resolution 56/114). The Assembly urged Governments, intergovernmental organizations and non-governmental organizations to provide special protection to girls and women with disabilities with the aim of integrating them into society and protecting and promoting their human rights (see General Assembly resolution 56/115). It requested all Governments to redouble their efforts and set firm targets and timetables, including gender-specific education targets and programmes, to eliminate gender disparities at all levels of education, to combat female illiteracy and to ensure their equal access to education by working in active partnership with communities, associations, the media and development agencies (see General Assembly resolution 56/116). The importance of female schooling and education, in particular for girls and young women, was highlighted in the context of involving youth in policies and programmes (see General Assembly resolution 56/117). In the context of the promotion and protection of the rights of children, the Assembly adopted a resolution on the girl child (see General Assembly resolution 56/139).

30. The Assembly expressed its desire of closer coordination and cooperation among States in combating smuggling of migrant women and trafficking in women in the context of crime prevention and criminal justice and international drug control (see General Assembly resolution 56/123). It called for women's and men's equal benefits from strategies directed against the world drug problem, through their involvement in all stages of programme and policy-making (see General Assembly resolution 56/124). In the plan of action for the implementation of the Vienna Declaration on Crime and Justice, the Assembly paid attention to women as victims of trafficking in persons, and recommended that the Centre for International Crime Prevention take into account measures for the assistance and support of victims and witnesses, including women, in its projects and programmes. In promoting safe and effective alternatives to incarceration, the Assembly called on both national and international actors to ensure that such actions addressed any disparate impact on women and men. A separate section of the action plan was devoted to actions on the special needs of women in the criminal justice system. It highlighted in particular the need for criminal justice strategies to take into account the special needs of women as criminal justice practitioners, victims and witnesses, and also as offenders and prisoners. The Assembly called on States to modify their legislation, policies, procedures and practices accordingly. Actions at the international level focused primarily on violence against women and gender bias in the administration of criminal justice (see General Assembly resolution 56/261).

31. The Assembly welcomed the decision of the Commission on Crime Prevention and Criminal Justice to mainstream a gender perspective into its activities and requested its Secretariat to integrate a gender perspective into all activities (see General Assembly resolution 56/123). It called on the Commission on Narcotic Drugs to continue mainstreaming a gender

perspective into all its policies, programmes and activities, and requested its secretariat to continue integrating a gender perspective into all documentation prepared for the Commission (see General Assembly resolution 56/124).

32. The situation of women migrants and refugees, as well as of internally displaced women, was addressed in relation to refugee issues and human rights questions. The Assembly was aware that the majority of refugees were women and children (see General Assembly resolution 56/136) and was deeply disturbed by their suffering in this regard (see General Assembly resolution 56/166), in particular as they constituted the majority of those affected by conflict, bearing the brunt of atrocities and other consequences of conflict (see General Assembly resolution 56/135). It called for a focused and consistent approach towards migrants as a specific vulnerable group, in particular migrant women and children (see General Assembly resolution 56/170). The Assembly welcomed the specific attention paid by the Representative of the Secretary-General on internally displaced persons to the special protection, assistance and development needs of internally displaced women (see General Assembly resolution 56/164).

33. In the context of implementing human rights instruments, the General Assembly invited the Special Rapporteur on torture and other cruel, inhuman or degrading treatment or punishment to continue to examine those issues with a specific emphasis on women, and to exchange views with the Special Rapporteur of the Commission on Human Rights on violence against women, its causes and consequences (see General Assembly resolution 56/143).

34. In addressing human rights questions, the General Assembly urged States parties to make use of sex-disaggregated data in preparing their reports under the International Covenants on Human Rights, and stressed the importance of taking fully into account a gender perspective in the implementation of the Covenants (see General Assembly resolution 56/144). It rejected unilateral coercive measures, with all their extraterritorial effects, as tools for political and economic pressure against any country because of their negative effects on the realization of all the human rights of women, children and the elderly (see General Assembly resolution 56/148). It considered the promotion of gender equality and the empowerment of women to be an effective means to combat poverty, hunger and disease and to stimulate sustainable development, with measures including property rights for women and their access to bank loans, mortgages and other forms of financial credit (see General Assembly resolution 56/150). The Assembly noted that most of the people without enough food to meet their basic nutritional needs were women, which infringed upon women's fundamental human rights. The Assembly encouraged the Special Rapporteur on the right to food to mainstream a gender perspective (see General Assembly resolution 56/155). The Assembly emphasized that tolerance and respect for diversity facilitated the universal promotion and protection of human rights, including gender equality (see General Assembly resolution 56/156). The General Assembly urged States to devote particular attention to practices, which violate the human rights of women and discriminate against women in combating all forms of religious intolerance (see General Assembly resolution 56/157).

35. The Assembly emphasized that human rights education constituted an important vehicle for the elimination of gender-based discrimination and for ensuring equal opportunities through the promotion and protection of the human rights of women, and encouraged Governments to undertake gender-sensitive training of trainers (see General Assembly resolution 56/167). It also invited Governments to provide gender-sensitive training in human rights in the administration of justice to all judges, prosecutors, social workers, immigration and police officers and other professionals concerned (see General Assembly resolution 56/161). The Assembly called upon States to pay special attention to the promotion and protection of the human rights of girls and boys belonging to minorities (see General Assembly resolution 56/162) and to integrate a gender perspective in the process of the realization of the right to development of minorities and vulnerable groups (see General Assembly resolution 56/150).

36. The General Assembly adopted four country-specific resolutions that also addressed the situation of women's human rights in those countries, including the Democratic Republic of the Congo, where the Assembly condemned the numerous instances of rape and sexual violence against women and children and requested the Special Rapporteur to incorporate a gender perspective into his/her work (see General Assembly resolution 56/173), and Iraq, where it

emphasized the adverse effects of sanctions on the daily life of women and children (see General Assembly resolution 56/174). It deplored the continued violation of women's rights in Myanmar, in particular forced labour, trafficking, sexual violence and exploitation, including rape. The Assembly urged the Government to implement fully the recommendations made by the Committee on the Elimination of Discrimination against Women, in particular the request to prosecute and punish those who violate the human rights of women, and to carry out human rights education and gender-sensitization training, in particular for military personnel (see General Assembly resolution 56/231). In a resolution on the questions of human rights in Afghanistan, the Assembly paid extensive attention to and condemned the gross violations of women's and girls' rights (see General Assembly resolution 56/176).

5. Fourth Committee: special political and decolonization issues

37. The Fourth Committee referred to women's issues in a resolution on questions relating to information, reaffirming that United Nations information centres should continue to publicize United Nations activities and accomplishments in areas, including on women's rights (see General Assembly resolution 56/64 B).

6. Fifth Committee: administrative and budgetary issues

38. In the context of the administrative and budgetary aspects of the financing of United Nations peacekeeping operations, the Assembly requested the Secretary-General to develop a coherent policy on gender mainstreaming in all of the Organization's peacekeeping activities and to submit, if necessary, a request on this issue in the light of that policy (see General Assembly resolution 56/293).

III. Economic and Social Council

39. The work of the Economic and Social Council at its substantive session of 2001 was covered in the report of the Secretary-General to the Council (E/2002/66). The establishment of a new regular sub-item entitled "Mainstreaming a gender perspective into all policies and programmes of the United Nations system" is expected to strengthen the Council's capacity to monitor and evaluate achievements made and obstacles encountered in gender mainstreaming in its own work and that of its subsidiary bodies. The Council also decided to undertake, in a coordination segment before 2005, a review and appraisal of the system-wide implementation of agreed conclusions 1997/2 (see Council resolution 2001/41).

40. Further to that resolution and in preparation for the consideration of the item during the Council's substantive session of 2002, a panel discussion on gender mainstreaming in the functional commissions of the Council was held on 11 June 2002 (see also sect. IV below). The panel was chaired by a Vice-President of the Council and moderated by the Director of the Division for the Advancement of Women of the United Nations Secretariat. It consisted of Chairpersons/Vice-Chairpersons of three functional commissions and the heads of their respective secretariats, namely the Commission for Social Development, the Commission on Crime Prevention and Criminal Justice, and the United Nations Forum on Forests. The panel provided an opportunity to draw attention to efforts already undertaken in the functional commissions to incorporate gender perspectives, discuss constraints to gender mainstreaming and identify areas for future action.

41. Panellists gave examples of progress, gaps and challenges, including lack of gender awareness and expertise in functional commissions and their secretariats; lack of data disaggregated by sex; insufficient monitoring of gender mainstreaming by the functional commissions and by the Economic and Social Council; and inadequate attention to gender perspectives in policy formation. A number of recommendations were put forward, including regular reporting by functional commissions to the Council on progress and challenges in gender mainstreaming; regular briefings on gender mainstreaming by the Commission on the Status of Women and the Special Adviser on Gender Issues and the Division for the Advancement of Women; explicit attention to gender mainstreaming at joint bureaux meetings; and appointment of bureau members of commissions to serve as focal points for gender mainstreaming. Additional competence development for Secretariat staff was also recommended.

42. The Commission on the Status of Women contributed a conference room paper to the high-level segment of the substantive session of 2002 of the Council on the contribution of human resources

development, including in the areas of health and education, to the process of development, in order to support the reflection of gender perspectives in the Council's work (see also sect. IV below).

43. The ministerial declaration adopted by the Council at the high-level segment of its substantive session of 2002 recognized gender equality as one of the mutually reinforcing essential elements for progress in health and education. It stressed the need for gender mainstreaming in all human resources development policies and programmes, including in their design, implementation, monitoring and evaluation so as to be able to effectively address gender inequalities. The declaration noted full and equal access to health care and education as fundamental for the achievement of gender equality. It called for increased attention to maternal and child health and reproductive health, and an integrated approach to education that included girls' education.

IV. Office of the Special Adviser on Gender Issues and Advancement of Women of the United Nations Secretariat

44. The Special Adviser on Gender Issues and Advancement of Women has continued to promote, facilitate and monitor gender mainstreaming throughout the United Nations system. Competence development programmes on gender mainstreaming, based on the framework developed by the Office of the Special Adviser, were initiated in 2001 in the Economic and Social Commission for Asia and the Pacific and in the United Nations Office at Vienna. The Office of the Special Adviser produced a strategy overview on gender mainstreaming focusing on the work of the Secretariat. Briefing notes on gender perspectives on crime prevention and drug control were developed, in collaboration with the Office for Drug Control and Crime Prevention of the United Nations Secretariat. Support for the incorporation of gender perspectives in the fellowship programme of the Department of Disarmament Affairs of the United Nations Secretariat continued.

45. The Special Adviser played a key role in advocacy efforts to ensure attention to the situation of women in the development of a strategic recovery plan for Afghanistan. Specific advocacy-related activities included a series of panel discussions organized in cooperation with non-governmental organizations and United Nations entities; a focus on Afghan women in the celebration of International Women's Day on 8 March 2002, organized in collaboration with the Department of Public Information of the United Nations Secretariat and an inter-agency task force; and a briefing of the Security Council by Sima Samar, Minister of Women's Affairs, in April 2002. Work accomplished in this area also included reporting to the Commission on the Status of Women and the provision of practical advice to United Nations entities on gender and human rights dimensions of emergency and humanitarian assistance. The Special Adviser participated in the Executive Committees on Peace and Security; Economic and Social Affairs; and Humanitarian Affairs, and the Division for the Advancement of Women was represented in the ECHA/United Nations Development Group Subgroup on Gender. The Division for the Advancement of Women provided a gender specialist to the Integrated Mission Task Force in 2001, and a staff member from the Division is currently detailed to the Office of the Special Representative of the Secretary-General for Afghanistan to act as Interim Gender Adviser to the Special Representative. The Gender Adviser also works closely with other United Nations agencies and with the Ministry of Women's Affairs to enhance the incorporation of gender perspectives in development programmes in Afghanistan.

46. In December 2001, the first regional symposium on gender mainstreaming was organized by the Office of the Special Adviser and the Division for the Advancement of Women, in collaboration with the Economic and Social Commission for Asia and the Pacific. The meeting brought together 80 representatives of Governments, regional-level intergovernmental organizations, non-governmental organizations and civil society groups, the private sector, academia and United Nations entities for a constructive dialogue on gender mainstreaming in the region. The discussions focused on identifying entry points, approaches, methodologies and tools to support gender mainstreaming at the local, national, subregional and regional levels. Potentials, good practice examples and remaining challenges were also identified.

47. The Inter-Agency Network on Women and Gender Equality, chaired by the Special Adviser,

continued to play a critical role in supporting the implementation of gender mainstreaming throughout the United Nations system. Task forces focused on promoting and facilitating the integration of gender perspectives in programme budgets, the common country assessment/United Nations Development Assistance Framework, and follow-up to the Security Council resolution 1325 (2000). Work continued on the development of indicators to measure gender mainstreaming, as well as in preparations for the World Summit on the Information Society (see also E/2002/66). Task managers included the Economic Commission for Latin America and the Caribbean, the International Telecommunication Union, the United Nations Development Fund for Women, the Office of the Special Adviser and the Division for the Advancement of Women.

48. The task force on women, peace and security, chaired by the Special Adviser, continued to support the incorporation of gender perspectives in all areas of the work of the United Nations on peace and security. On 31 October 2001, the task force organized a panel to discuss United Nations initiatives to implement Security Council resolution 1325 (2000), with participation of the President of the Security Council, the heads of the Departments of Peacekeeping Operations, Political Affairs and Disarmament Affairs, and of the Office for the Coordination of Humanitarian Affairs, and the Special Representative of the Secretary-General for East Timor, and moderated by the Special Adviser. To facilitate the preparation of the Secretary-General's study on women, peace and security and secure the views of members of the Security Council, the Commission on the Status of Women, other interested Member States, United Nations entities and civil society, two brainstorming sessions were held in December 2001 and March 2002.

49. Continued efforts were made to ensure that gender perspectives were identified and addressed in the preparation for global conferences and summits. Inputs by Member States, the Inter-Agency Network on Women and Gender Equality, with the Office of the Special Adviser on Gender Issues and Advancement of Women/Division for the Advancement of Women as task manager, and other stakeholders, resulted in unprecedented attention to gender perspectives in the framework of the International Conference on Financing for Development, and in a reaffirmation of gender equality as essential for achieving the goals of the Conference. Inputs included presentations by the Special Adviser in plenary sessions of the preparatory committees, the organization of panels and the development of analyses of critical gender perspectives in relation to the key areas on the financing for development agenda. A day of dialogue on gender and financing for development was organized by the task force in February 2002 to provide an opportunity for Member States, the United Nations, NGOs and civil society groups, the private sector and research institutes to deepen the understanding of gender perspectives in all the issues taken up in the international conference and identify what needed to be done to ensure adequate attention to gender perspectives in all follow-up. A report was prepared on the findings and recommendations from the day of dialogue and made available at the International Conference in Monterrey.

50. A supporting [illegible] to the twenty-seventh special session of the Ge[illegible] Assembly on children, in the form of a panel discussion, was organized by the Office of the Special Adviser and held on 10 May 2002. The panel underlined the importance of the international rule of law and gave concrete examples of its application at the national level for advancing the enjoyment of human rights of women and children, and highlighted the complementary application of the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child, and their optional protocols.

51. The Special Adviser also provided support to the preparations for the substantive session of 2002 of the Economic and Social Council, including participation in round tables on health and education in relation to human resources development, which were held on 5 and 14 February 2002, respectively, and co-chairing a ministerial breakfast round table on gender mainstreaming in these areas on 2 July. The Office of the Special Adviser and the Division for the Advancement of Women, in cooperation with the Division for Economic and Social Council Support and Coordination, organized a panel discussion on gender mainstreaming in the functional commissions, at which the Special Adviser gave an opening statement (see paras. 40 and 41 above). In order to encourage attention to gender perspectives in the preparations for the World Summit on the Information Society, the Special Adviser submitted a statement to the

preparatory committee at the first session, which took place from 1 to 5 July 2002 in Geneva.

V. Recommendations

52. The recommendations set out below are presented to the Assembly for its consideration.

53. **The General Assembly may wish to take specific steps to ensure that gender perspectives are an integral part of all aspects of the implementation of the Millennium Declaration and of the follow-up to United Nations conferences and special sessions reviewed in the present report. The Assembly may also wish to request the Secretary-General to ensure that annual and quinquennial follow-up reports to the Millennium Declaration assess progress in promoting the gender equality goal, as well as gender equality in relation to other development goals of the Declaration. To that end, the measurement and coverage of indicators should be improved so that progress can be monitored over time. The Assembly may further wish to call for increased attention to gender perspectives in the follow-up to and reporting on the Monterrey Consensus, as well as in the work of the Second Committee. It may also wish to encourage systematic attention to gender perspectives in the preparatory process for and outcome of the World Summit on the Information Society.**

54. **The Assembly could also reiterate its commitment to more consistent attention to gender perspectives in all areas of its work, building on the progress achieved and insights gained in the work of the Economic and Social Council and its subsidiary machinery. In the light of the emphasis on gender perspectives contained in the Millennium Declaration and in order to support gender-sensitive policy formulation, the Assembly could call on the Secretary-General to integrate gender perspectives in reporting to the Assembly. Reports could indicate challenges to gender mainstreaming, such as lack of capacity and lack of data disaggregated on the basis of sex and other gender-specific information, and provide proposals as to how these challenges could be overcome.**

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Globalization and interdependence

Role of the United Nations in promoting development in the context of globalization and interdependence

Report of the Secretary-General**

Executive summary

In an increasingly interdependent world, enhancing economic governance at all levels has become critical for maximizing the benefits of the globalization process for all. The present report addresses some relevant aspects of economic governance at the global, regional and national levels.

The report highlights areas where the recommendations of recent United Nations global conferences could benefit from a discussion of modalities for their implementation. It also identifies areas where further discussion at the intergovernmental level is needed. These include measures to enhance the coherence and consistency of the international monetary, financial and trading systems in support of development and ways to enhance the role of civil society in intergovernmental processes.

* A/57/150.

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I. Introduction

1. In the United Nations Millennium Declaration,[1] heads of State and Government emphasized that "the central challenge we face today is to ensure that globalization becomes a positive force for all" (para. 5). To respond to this challenge and make globalization fully inclusive and equitable, they resolved "to create an environment — at the national and global levels alike — which is conducive to development and to the elimination of poverty" (para. 12). They further recognized that achieving this objective "depends, inter alia, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems" (para. 13).

2. The issue of development in the context of globalization and interdependence is vast and covers a broad spectrum of concerns. In accordance with the mandate contained in General Assembly resolution 56/209 of 21 December 2001, and as a contribution to the follow-up of the International Conference on Financing for Development, the present report addresses the area of economic governance, at all levels, in an effort to facilitate a more focused discussion in the Assembly. To this end, building on the relevant parts of the Monterrey Consensus of the International Conference on Financing for Development,[2] it focuses on issues that might be further and more systematically addressed at future United Nations meetings, including the Assembly high-level dialogues. The report aims to highlight governance areas critical for maximizing the benefits of globalization, while minimizing its costs. The report, and especially section II, focusing on the global dimension of economic governance, should be read in conjunction with the report of the Secretary-General on the international financial system and development (A/57/151).

3. The Monterrey Consensus addressed, inter alia, economic governance and called for a holistic approach to the interconnected national, international and systemic challenges faced by a globalized world. The Monterrey Consensus contains a number of recommendations in this regard that need implementation.

4. The discussion at the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization held on 22 April 2002 reaffirmed the need for a comprehensive and holistic approach to globalization embodied in the Monterrey Consensus and placed particular emphasis on implementation. A number of key considerations particularly relevant in this regard emerged in the financing for development process:

- It is now widely recognized that as the integration of developing countries in a globalized economy increases, its successful management requires their increased participation in global decision-making.
- As markets expand and encompass the globe, the legal and regulatory frameworks to govern the global markets also need to be extended in such a way as to ensure that the global interest is protected and enhanced.
- Global democratization must go hand in hand with global integration to increase inclusiveness, ownership, accountability and transparency in policy-making, institutions and markets at national and international levels.

- The principles of "decentralization" and "subsidiarity" are useful in guiding decision-making not only at the national and local levels, but also at the international and regional levels.

- Intensive and open dialogue can help to devise innovative and practical solutions suited to specific situations, as opposed to top-down, often "one-size-fits-all" approaches.

5. The Monterrey Consensus of the International Conference on Financing for Development assigned a new task to the General Assembly's biennial high-level dialogue, that of becoming "the intergovernmental focal point for the general follow-up to the Conference and related issues. The high-level dialogue would include a policy dialogue, with the participation of the relevant stakeholders, on the implementation of the results of the Conference, including the theme of coherence and consistency of the international monetary, financial and trading systems in support of development" (para. 69 (c)). The discussion on globalization at the current session of the Assembly could thus help pave the way for the substantive debate at next year's high-level dialogue.

II. The global dimension of economic governance

6. The need for enhanced governance at the global level reflects the gap between the rapid globalization of markets and the slow adaptation of governance structures and processes to the changing realities. The present section addresses four central and interrelated aspects of global governance: first, the search for enhanced coherence and consistency of the international monetary, financial and trading system in support of development; second, participation in global decision-making and norm-setting; third, the increasing role of civil society in intergovernmental processes; and, finally, cooperation to deal with corruption and international crime.

A. Enhancing global coherence

7. The quest for coherence in policy-making and norm-setting at the global level is rendered even more complex than at the national level by the presence of many independent institutions with different structures and functions in related fields accountable to varying memberships. In this regard, the millennium development goals provide a broad framework for coherence not only among country policies and programmes but also among multilateral institutions.

8. One fundamental feature of the financing for development process was the adoption of a holistic approach to the challenges of development, by addressing financial, trade and development cooperation issues in an integrated manner and by involving in dialogue, in unprecedented fashion, all relevant stakeholders.

9. The multiple dimensions of coherence, inter alia, among multilateral and bilateral institutions, donor and recipient countries and among objectives and instruments, were extensively addressed in Monterrey. Coherence at home was seen as a precondition for coherence of international institutions. The importance of coherence among the economic, social, trade and environmental agendas was also stressed.

10. Implementation of the outcome of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 13 November 2001, which will potentially enable world trade to support development for all, calls for a wide range of actions, some of which have been specified in the Monterrey Consensus. However, coherence calls for multi-pronged action. A glaring example of lack of coherence between domestic economic policies and development cooperation policies in need of urgent redress is the gap between agricultural subsidies in developed countries of over $300 billion a year, which have detrimental effects on developing countries, and total spending on development assistance, amounting to only one sixth of that figure.

11. Increased coherence of international monetary and financial policy with respect to international trade policy and of both sets of policies with respect to development objectives and commitments requires greater cooperation among existing institutions. The Monterrey Consensus specifically committed signatories to continuing to build bridges among development, finance and trade organizations and initiatives (para. 68). It also encouraged improving the relationship between the United Nations and the World Trade Organization for development (para. 64).

12. To this end, the Monterrey Consensus mandated the annual meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization to address issues of coherence, coordination and cooperation, as a follow-up to the Conference, and emphasized the importance of interactions among these institutions on such matters. In the first meeting of the Council with the Bretton Woods institutions and the World Trade Organization after the Monterrey Conference, participants called for a further strengthening of the collaborative approach developed in the financing for development process among these institutions.

13. The Monterrey Consensus also recognized the need to strengthen international tax cooperation. There is today no global intergovernmental forum that considers tax questions on an ongoing basis or that adequately puts the tax debate in a wider — including a developmental — context. Improved cooperation would contribute to reducing opportunities for tax evasion and avoidance and enhancing tax administration. **In the follow-up to Monterrey, consideration should be given to a better and more effective use of the existing instruments, including the Ad Hoc Group of Experts on International Cooperation in Tax Matters, for improving modalities for enhanced dialogue on tax matters, as called for in the Monterrey Consensus.**

B. Participation in decision-making and norm-setting

14. The increasing integration of the economies of the vast majority of countries has heightened the importance of international policy-making. Multilateral economic decisions (or even decisions of one or a few large industrialized countries) tend to have deeper and broader global implications than in the past. Individual economies and often entire regions can be substantially affected. This is partly why, since the early 1990s, there have been increasing calls, inter alia, in international forums, such as the Commission on Global Governance (see box 1), to adapt global economic governance to present requirements.

Box 1
Commission on Global Governance

The report of the Commission ("Our Global Neighbourhood") has warned about a "global governance deficit". It is based on the principle that a global civic ethic to guide action within the global neighbourhood and leadership infused with that ethic are vital to the quality of global governance. Its premise is that the pace of globalization of markets is outstripping the capacity of Governments to provide the necessary framework of rules and cooperative arrangements. There are severe limits to national solutions to such failures within a globalized economy, yet the structures of global governance for pursuing international public policy objectives are underdeveloped. The report includes proposals, inter alia, to: enhance developing countries' participation in global decision-making; strengthen the rule of law worldwide; give civil society a greater voice in governance and enhance its relationship with the United Nations; and explore ways to raise new funds for global purposes (http://www.cgg.ch/contents.htm).

15. Some key institutions in international economic policy-making were established over 50 years ago; others — such as the G-7 and G-8, the World Trade Organization and the Financial Stability Forum (FSF) — were established more recently. To a large degree, they all share one characteristic: the preponderant weight of a limited number of developed countries in key decision-making. In contrast, for example, with the United Nations, in several of these institutions or groups, the voice of developing countries is faint or not heard at all and their voting rights are limited or non-existent. Often when developing countries can participate, other factors conspire against an effective involvement: they are not sufficiently consulted on the agenda, or the issues are varied and require large and costly delegations, or are too complex and require expertise unavailable in many developing countries. The result is that decisions tend to reflect the interests of a limited number of countries. The views and interests of developing countries are not paid sufficient attention and the decision-making process is perceived as inequitable.

16. Pari passu with the globalization process, there has been growing acceptance and adherence to two important principles: participation and ownership. The first is reflected in sweeping democratization processes in many countries and the build-up of participatory structures at different levels. This has been accompanied by calls from the international community in various forums to strengthen participation at the national and local levels.[3] The second is reflected in the increased recognition that the design of the national development strategy and policy formulation rests with the country itself. The corollary of adherence to these principles at the international level is equitable participation in global economic governance. Without it, international decision-making will continue to benefit mostly a limited number of countries. Countries excluded from or not consulted on decisions involving rules or norms meant to apply to them will not necessarily feel committed; ownership will not be served.

17. While the quest for broader participation of the developing world in international economic decision-making dates back several decades, only more recently has broad, explicit support emerged. The establishment in 1999 of the Group of 20 (G-20) represents one effort in this direction.[4] The repeated proposal to establish an economic and social security council also reflects the recognition of the need for representation more consistent with current realities. The United Nations Millennium Declaration states (para. 6): "Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally." Also, the attachment on the International Conference on Financing for Development (para. 9) to the 18 November 2001 communiqué of the Development Committee (Joint Ministerial Committee of the Boards of Governors of the Banu and the International Monetary Fund (IMF) on the Transfer of Real Resources to Developing Countries) affirms: "Ministers also agreed that it is important to find pragmatic and innovative ways to continue to enhance the effective participation of developing countries in international dialogues and decision-making processes."

18. Since the beginning of the substantive discussions of the Preparatory Committee for the International Conference on Financing for Development, participation — and also ownership — have figured in the discussions. Both the report of the Secretary-General to the Preparatory Committee (A/AC.257/12) and the report of the High-level Panel on Financing for Development (see A/55/1000) (see box 2) underline the importance of "voice", equitable representation and tools for effective participation.[5] Both reports offer a set of recommendations to make these general orientations operational.

Box 2
The Zedillo report

The report of the High-level Panel on Financing for Development (the Zedillo report) (see A/55/1000) addressed systemic issues, building on the conclusions of the Commission on Global Governance, and endorsed specific proposals by the Commission. The report further contains proposals to: reform the governance of the World Trade Organization so as to enable small countries to play a more effective role in decision-making; strengthen the International Labour Organization (ILO) by providing it with instruments to enforce its standards; consider the potential benefits of an international tax organization to, at the least, compile statistics, identify trends and problems, present reports, provide technical assistance and develop international norms for tax policy and administration.

19. Furthermore, the Preparatory Committee for the International Conference on Financing for Development had before it a listing of existing proposals to promote the increased and more effective participation of developing countries in the trade and financial decision-making processes.[6] This list also showed the concern of the Bretton Woods institutions and World Trade Organization authorities that there be

more effective participation and that measures were being taken to improve the situation. Efforts continue by these institutions to make the participation of developing countries in them more effective.[7] The Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and Doha Development Agenda-related technical assistance aim to help poor countries to integrate into the trading system and to participate fully in, and benefit from, trade negotiations. Moreover, there have been several ad hoc efforts to enhance the participation of developing countries in various initiatives. For example, FSF has initiated regional meetings to promote information exchanges among regional FSF and non-FSF members on financial system vulnerabilities, enabling non-members to bring their perspectives into the work of the Forum. At the Genoa Summit (20-22 July 2001), the G-8 agreed to support African efforts to resolve African problems and decided to liase with committed African leaders on the development of a concrete action plan. The G-8 subsequently adopted the Africa Action Plan at the Kananaskis Summit (26 and 27 June 2002), in consultation with the African leaders who had been the architects of the New Partnership for Africa's Development (NEPAD).

20. Yet, much more remains to be done, particularly with respect to improving the consultation process so that the voices of all countries are heard when economic decisions with global impact are taken in the various international bodies. In certain cases, several steps can be taken towards ensuring that the developing countries' perspective is taken into account at the policy formulation stage.[8] **Also, the periodic reviews of IMF quotas and the capital base of the World Bank provide occasions to enhance the participation of developing countries in the decision-making of these key institutions.**[9] A major challenge is striking a balance in the trade-off between equitable representation and effectiveness and efficiency.

21. The Monterrey Consensus reaffirmed the importance of a "fully inclusive and equitable global economic system" (paras. 1 and 7) and put forward several recommendations to give operational meaning to this principle. Thus, member countries committed to: facilitating the accession of all countries that apply for membership of the World Trade Organization (para. 30) and strengthening the participation of all developing countries in multilateral trade negotiations, in particular, via assistance for capacity-building (para. 38); strengthening partnership for development based on the recognition of ownership of the recipient country (paras. 40 and 43); sustaining efforts towards reform of the international financial architecture with greater transparency and effective participation (para. 53); working to attain a more effective and equitable participation in the formulation of financial standards and codes (para. 57); strengthening the participation or consultation with developing countries and countries with economies in transition in norm-setting (para. 62); and enhancing participation or improve consultations with the Bretton Woods institutions, the World Trade Organization, the Bank for International Settlements and FSF (para. 63).

22. **The General Assembly could encourage the identification of concrete modalities for the implementation of the above recommendations of the Monterrey Consensus. It could also consider a time frame for their introduction.**

C. The role of civil society in intergovernmental processes

23. Despite its strong effort to interact with the full spectrum of non-State actors, the United Nations has so far institutionalized formal arrangements for consultation with only one segment of civil society. Article 71 of the Charter of the United Nations provides for the Economic and Social Council to consult with non-governmental organizations concerned with matters within its competence. The number of non-governmental organizations in consultative status with the Economic and Social Council had grown from 41 in 1946 to 1,041 in 1996, and doubled in the last five years to reach 2,236 in July 2002. About one third of them are from the regions of Africa, Latin America and the Caribbean and Asia and the Pacific.

24. Recognizing their indispensable role as partners in development, heads of State and Government in the United Nations Millennium Declaration resolved to "work collectively for more inclusive political processes, allowing genuine participation by all citizens in all our countries" (para. 25) and "give greater opportunities to the private sector, non-governmental organizations and civil society, in general, to contribute to the realization of the Organization's goals and programmes" (para. 30).

25. As follow-up to the Millennium Declaration, steps have been taken to enhance non-governmental organization and private sector participation in global conferences and specific initiatives by specialized agencies, funds and programmes. While such efforts mark a move in a positive direction, the United Nations system could harness even greater benefits from this partnership by considering steps for further strengthening the processes for the contribution of civil society to its deliberations.

26. Among the steps suggested at the substantive session of 2002 of the Economic and Social Council were recommendations that the Council: (a) broaden its outreach to civil society, non-governmental organizations, the private sector, parliamentarians, universities, local authorities, professional organizations; (b) consider institutionalizing arrangements for non-governmental organization participation in the high-level segment, also ensuring a geographically balanced representation (this would also imply exploring ways of funding the participation of non-governmental organizations from developing countries); and (c) encourage informal regional networks of non-governmental organizations as a means of building the capacities of these organizations to take part in United Nations work, support coalitions of non-governmental organizations and disseminate information on the work of the Council (see E/2002/62).

27. The informal regional network of non-governmental organizations initiative is intended to lift some of the barriers to more inclusive and effective non-governmental organization participation in the development activities of the Economic and Social Council and its subsidiary bodies and the United Nations system. The overarching goal of the informal network is to increase parity in the non-governmental organization sector by providing access to information and the benefits of information and communication technologies (ICT) through a technology-based system designed to promote interactive exchange among non-governmental organizations and between non-governmental organizations and the United Nations.

28. The Monterrey Conference adopted several innovative arrangements throughout its preparations to incorporate the views and participation of civil

society. Examples include the convening of two-day formal hearings with non-governmental organizations and the private sector that allowed participants to offer concrete proposals to Member States and discuss specific initiatives. Furthermore, at the conference itself, representatives of non-governmental organizations and the private sector each accounted for one tenth of the participants at the ministerial- and summit-level round tables.

29. The World Summit on Sustainable Development, in its preparations, built on pre-existing relationships and arrangements with major groups that had been developed through the multi-stakeholder dialogues of the Commission on Sustainable Development. By forming major groups, Agenda 21[10] had identified nine categories of stakeholders[11] whose input would be needed for effective sustainable development implementation. Multi-stakeholder dialogues, introduced in 1997 in an effort to strengthen the high-level policy debate on sustainable development through a highly participatory model involving major groups, have proved a valuable experiment with respect to strengthening civil society's involvement in intergovernmental processes.

30. Along with the widespread support for the goal of the dialogues, some of their shortcomings have been acknowledged. A recent evaluation of the multi-stakeholder dialogues commissioned by the United Nations Secretariat included the following recommendations to improve their effectiveness and impact: provide ample opportunity to allow participants to contribute meaningfully; address the time constraints of the dialogues especially in light of the broad thematic issues addressed; construct the setting to allow participants to focus contributions in a problem-solving manner; ensure that the dialogues are facilitated to provide a clear and efficient process; and link the dialogues to substantive decision-making sessions to increase their impact on policy-making.[12]

31. Major United Nations conferences and summits, more recently in Monterrey and Johannesburg and the related World Summit on Sustainable Development preparatory process, have been vital sources of innovative arrangements. The Economic and Social Council has started to incorporate some of these new practices and build them into the special high-level spring meeting with the Bretton Woods institutions and the World Trade Organization and the high-level segment of its substantive session.

32. The General Assembly, which does not offer standing to civil society organizations other than by invitation, has developed ad hoc arrangements during special sessions that are supportive of their engagement. Consideration might be given to the ongoing work of the Assembly and its Committees and how they might also move forward in this connection. **Interaction in the form of round tables, dialogues or hearings (using the financing for development format) could be especially beneficial for specific items in its agenda devoted to economic and social topics such as globalization and development. Outreach to a broader spectrum of civil society in the globalization debate could promote better understanding among all relevant stakeholders.**

33. The specialized agencies of the United Nations system and United Nations funds and programmes are also organizing their work programmes to enhance collaboration with civil society. Other international organizations are examining ways to increase interaction with civil society. United Nations bodies that have autonomous accreditation processes include the International Labour Organization

(ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the International Telecommunication Union (ITU), the International Maritime Organization (IMO), the World Intellectual Property Organization (WIPO), the United Nations Industrial Development Organization (UNIDO) and the United Nations Conference on Trade and Development (UNCTAD). One recent example in this area is the new Policy on Engagement with Civil Society of the United Nations Development Programme (UNDP). This policy reflects a change in thinking about civil society organizations, now partners in governance rather than partners in implementation. Over the past two years, UNDP has established a Civil Society Advisory Committee to the Administrator, which allows UNDP to "sound out" ideas with civil society and in turn allows civil society to advocate for human development-related issues.

D. Cooperation against corruption and transnational crime

34. Many forms of crime, such as organized crime, corruption, money-laundering, drug trafficking, trafficking in persons, high-technology and computer-related crime and terrorism, are becoming more global in nature. Joint efforts by the international community are thus crucial for tackling these crimes effectively. The importance of fighting these threats, which destabilize State institutions, weaken governmental authorities and civil society at large and undermine the values of democracy and the rule of law, is increasingly recognized at national as well as international level.

35. For instance, in the Monterrey Consensus (paras. 65 and 66), heads of State and Government committed to negotiating and finalizing as soon as possible a United Nations convention against corruption in all its aspects, including the question of repatriation of funds illicitly acquired, and to promoting stronger cooperation to eliminate money-laundering. States that had not yet done so were encouraged to consider signature and ratification of the United Nations Convention against Transnational Organized Crime.[13] The Monterrey Consensus further urged all States that had not yet done so to consider becoming parties to the International Convention for the Suppression of the Financing of Terrorism,[14] and called for increased cooperation with the same objective.

Transnational organized crime

36. On 15 November 2000, the General Assembly adopted the United Nations Convention against Transnational Organized Crime and two Protocols supplementing the Convention: the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime,[15] and the Protocol against Smuggling of Migrants by Land, Air and Sea, supplementing the United Nations Convention against Transnational Organized Crime.[16] Subsequently, on 31 May 2001, the Assembly adopted the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime.[17] In both resolution 55/25 and resolution 55/255, the Assembly urged all States and regional economic organizations to sign and ratify the instruments as soon as possible in order to ensure their speedy entry into force.[18]

37. The Convention and the Protocols thereto have been recognized as a significant development in international criminal law and in joint international action against transnational organized crime (see report of the Secretary-General on promoting the ratification of the United Nations Convention against Transnational Organized Crime and the Protocols thereto (E/CN.15/2002/10). The Vienna-based Centre for International Crime Prevention has assisted the efforts of countries to ratify these new instruments.

38. Member States face several challenges with respect to improving the international legal framework in their fight against transnational organized crime. They include possible amendments to existing national legislation required by the Convention against Transnational Organized Crime and its Protocols; overcoming obstacles to cross-border criminal justice cooperation against transnational criminal groups; developing and implementing measures that balance the need to counter supranational criminal threats with the sovereignty of States; and raising awareness and mobilizing civil society against local organized criminal groups to complement the adoption of domestic laws.

39. **In addition to the elaboration of international legal instruments, technical cooperation projects are an important means of aiding Governments in combating transnational organized crime as well as corruption. Further coordination of activities within the United Nations system is required in that regard.**

Corruption

40. The Monterrey Consensus (para. 13) makes specific reference to corruption and emphasizes that fighting corruption at all levels is a priority. Corruption diverts resources away from activities vital for poverty eradication and sustainable development and discourages effective resource mobilization and allocation. It also erodes the rule of law, needed to support stable, peaceful and prosperous societies.

41. **Reducing corruption requires a long-term commitment that transcends partisan politics and mobilizes extensive financial and human resources. While taking into account the specific needs of each country, national anti-corruption strategies might also aim to build upon existing instruments to develop a global framework for preventing and combating all forms of transnational corruption, as well as preventing the transfer of funds of illicit origin and providing for their repatriation.**

High-technology and computer-related crime

42. Measures have also been taken, at the national and international levels, to prevent and combat high-technology and computer-related crime. However, that there is a need for further research and technical cooperation to enable, in particular, developing countries to counter this form of crime is widely recognized.

43. On 31 January 2002, the General Assembly took note with appreciation of the plans of action[19] for the implementation of the Vienna Declaration on Crime and Justice: Meeting the Challenges of the Twenty-first Century,[20] as follow-up thereto. These included a plan dealing with the prevention and control of high-technology and computer-related crime. The Assembly invited Governments to consider carefully the plans of action as a guide in the formulation of legislation policies and

programmes.[21] It also invited the Secretary-General to implement the plans of action.[22]

44. In 2002, at its eleventh session, the Commission on Crime Prevention and Criminal Justice reiterated the urgent need for further research into high-technology and computer-related crime, as well as for technical assistance, particularly to aid developing countries in building capacity to support legislative reforms, law enforcement, and the ability to provide cooperation in responding to transnational cases.

45. Meanwhile, in December 2001, the Council of Europe adopted the Convention on Cybercrime,[23] which will come into force when five countries, at least three of which are member States of the Council, have ratified it. By June 2002, 29 member States of the Council had signed the Convention, as well as 4 non-European States that had participated in its negotiation.

46. **Cybercrime's impact on the broader process of using ICT for social and economic development efforts needs further consideration.** Among the questions that might be addressed are the effects of computer-related crime on ICT development and whether these differ in developed and developing countries. Moreover, studies of the potential impact of ICT on globalization and international development strategies should include consideration of the role of ICT in the globalization of organized crime and the impact of computer-related crime (and the fear of such crime) on development strategies.

47. **Crime and crime-related issues need to be considered in order to formulate efficient policies regarding the management of globalization. Effectively tackling the challenges posed by the interrelationship among transnational organized crime, terrorism, drug trafficking, trafficking in human beings, corruption, money-laundering, cybercrime and other threats, requires coordinating activities within the United Nations system and promoting synergies within the system and with other international organizations.**

III. The regional dimension of economic governance

48. Regional economic bodies have proliferated over the last 50 years. Motivated often by the need to build larger economic spaces, increase economies of scale and expand trade markets, many regional bodies have evolved towards the development of common policy approaches on an array of monetary, financial and trade issues, aiming at greater policy coherence.

49. More recently, in response to globalization-related challenges, there has been a resurgence of interest in economic and financial cooperation among regional and other groups of countries, inter alia, in international trade, investment, monetary issues and financial sector oversight. This acquired heightened momentum in the wake of the crises of 1997, responding partly to a perceived deficit of effective governance mechanisms at the global level. One result has been the consideration of regional monetary institutions to supplement the role of IMF (see box 3).

Box 3

The report of the Executive Committee on Economic and Social Affairs of the United Nations Secretariat entitled "Towards a new international financial architecture"

The report contained, inter alia, specific recommendations with respect to enhancing the role of regional institutions in economic governance. It called for the design of a network of regional and subregional organizations to support the management of monetary and financial issues, arguing that stronger regional and subregional institutions could play a significant role, in terms of both the stability of the world financial system and the balance-of-power relations at the international level. The report emphasized the essential stabilizing role such institutions can play. Moreover, regional and subregional development banks and reserve funds could be instrumental both in crisis management and in financing development. They could also supplement IMF funds in times of difficulty, thereby possibly reducing the need for IMF support. The report suggested that the design of a new architecture could introduce special incentives to develop such institutions. Moreover, regional institutions and peer review could also play a central role in surveillance of macroeconomic policies and of domestic financial regulation and supervision, as complements to IMF. This would contribute towards a more balanced globalization (http://www.un.org/esa/coordination/ecesa/ecesa-1.pdf).

Since the issuance of the report, a number of developments in monetary cooperation have taken place in Asia and other regions, including progress towards the Asian monetary fund and the Chiang Mai Initiative under which bilateral swap arrangements have been concluded.

50. Regional arrangements can offer opportunities for, inter alia, macroeconomic consultation and coordination, provision of liquidity during crises, and development banking. They may also facilitate more effective participation of small countries in norm-setting — in such areas as the formulation, adoption and implementation of prudential codes and standards for the financial sector — where the principle of subsidiarity could properly apply.

51. The important role of regional arrangements and institutions in promoting development and strengthening economic governance is reflected in the deliberations and outcome of the Monterrey Conference. One recurrent theme emerging from the discussions was the need for coherence not only at the national, regional and international levels, but also among these three levels. It was emphasized that regional consultative mechanisms could make an important contribution to improving global governance and that democratization of global governance could be strengthened by making greater use of regional groupings of countries as intermediate forums within which to develop proposals and build consensus among Governments on important issues.[24] The Monterrey Consensus reflected an undertaking by leaders to "encourage and support development

frameworks initiated at the regional level, such as the New Partnership for Africa's Development and similar efforts in other regions" (para. 6).

52. Addressing systemic issues, the Monterrey Consensus envisaged an important role for regional institutions or organizations in contributing to enhancing the coherence of international monetary, financial and trading systems. It recognized the importance of the regional dimension in the area of surveillance, where IMF is encouraged to coordinate closely with relevant regional organizations, including regional commissions, in its efforts to facilitate the timely detection of external vulnerability (para. 55). The Monterrey Consensus further underlined the need to enhance the stabilizing role of regional and subregional reserve funds, swap arrangements and similar mechanisms that complement the efforts of international financial institutions to ensure a suitable array of financial facilities and resources in time of crisis (para. 59). Strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, enhancing ownership and efficiency. They also serve as a vital source of knowledge on economic development for their developing member countries (para. 45).

53. The contribution of regional-level consultations as a means to enhance participation in international dialogues and decision-making processes was recognized. In this regard, limited membership groupings such as the Bank for International Settlements, Basel Committees and FSF were encouraged to continue enhancing their outreach and consultation efforts with developing countries and countries with economies in transition at the regional level, and to review their membership, as appropriate, to allow for adequate participation (para. 63).

54. The regional dimension was also seen as important in efforts to strengthen international tax cooperation, through enhanced dialogue among national tax authorities and greater coordination of the work of the concerned multilateral bodies and relevant regional organizations (para. 64). The regional commissions and regional development banks could work together to promote such dialogue and cooperation at the regional level.

55. Finally, the Monterrey Consensus sought to promote the role of regional commissions and the regional development banks in supporting policy dialogue among countries at the regional level on macroeconomic, financial, trade and development issues (para. 64).

56. **In the follow-up to the Monterrey Conference, deliberations in the General Assembly should consider how the regional dimension could be better harnessed in efforts to enhance global economic governance. They could also specifically focus on the modalities for implementation of the recommendations contained in the Monterrey Consensus in this regard. Priority should be given to enhancing the role of regional commissions in facilitating sharing of experiences, best practices and peer reviews.**

IV. The national dimension of economic governance

57. Both the United Nations Millennium Declaration and the Monterrey Consensus emphasized the importance of an enabling environment for the promotion of both domestic and foreign investment and, through them, of growth, poverty eradication

and sustainable development. Governments have a central role to play in creating such an environment and making globalization work for all. However, the Monterrey Consensus also recognized that sound, coherent, nationally owned policies and development strategies can succeed only in an environment characterized by good economic governance, including efficient regulation, enforcement of contracts, respect for property rights and good infrastructure.

58. Governments seeking to attract international economic activity within their own territory are confronted by a series of requirements, some in relation to law and administration and others in relation to policies. These demands no longer concern just macroeconomic policy and the protection of property rights. In an increasingly competitive global environment, the importance of microeconomic, sectoral policies and those regarding the quality of the hard and the soft infrastructure, is also growing.

59. Developing country Governments, confronted with a changing global environment and powerful external economic forces over which they have little influence, often face extremely difficult policy dilemmas and their capacity to respond effectively is limited not only by institutional constraints and rigid economic structures, but also by the narrow space of manoeuvre available to them in the international context.

60. Greater coherence within Government at all levels is also a challenge. In this regard, the innovative process leading to the Monterrey Conference promoted greater coordination and cooperation among ministries of finance, trade, foreign affairs and economic development and development cooperation.

61. Globalization has amplified the need for international cooperation in numerous areas. The development of agreed frameworks for international economic relations presupposes, however, the existence in each country of a system of national administration capable of effectively complying with such international agreements. In this light, institution-building in each country, for effective administration, becomes a precondition for effective international cooperation.

62. The institutional requirements of a strengthened governance system are demanding and the development of robust institutions is a long-term process requiring sustained efforts and international support. The Monterrey Consensus stressed that the commitment of the international community to supporting developing countries and countries with economies in transition in their efforts to develop effective economic governance systems is indispensable, particularly by providing increased technical assistance resources for institution-building. **The General Assembly should encourage such commitment as a matter of high priority not only at the global and policy level but also in the orientation and content of the operational work of this system at the country level. The impact of capacity-building initiatives of the organizations of the system in this area could be further enhanced through improved coordination under the United Nations System Chief Executives Board for Coordination (CEB).**

63. The Monterrey Consensus also recognized the importance of an effective corporate governance framework for the creation of an enabling environment. Corporate governance, like economic governance, seeks to foster transparency and accountability.[25] A major consideration in this regard is how to devise institutional arrangements that promote these governance attributes. Corporate governance is

affected by globalization in several ways. For example, capital markets liberalization has not only made foreign capital more accessible, but also caused corporate governance practices to become a matter of interest for the international investing community, not just national shareholders. Hence, globalization of capital can promote a convergence of corporate practices. Moreover, the need to strengthen financial markets' confidence in corporate balance sheets provides a new stimulus towards the adoption and implementation by all countries of international accounting and auditing standards. Therefore, overall, globalization is fostering a trend towards internationalization of corporate regulation. The recent alarming wave of accounting and auditing scandals in some developed countries highlights the importance not only of developing and promoting adoption of, but also of ensuring compliance with, international standards and codes.

64. A major challenge for Governments involves ensuring compliance with rules and norms guiding corporate governance being set more and more at the global level, in bodies where developing countries and countries with economies in transition have limited or no representation. A second challenge is adapting these global rules and norms to national contexts, needs and local practices. A third challenge is promoting "good corporate citizenship".

65. **Trends such as globalization and civil society activism underscore the increasing influence of external factors on corporate governance. At the same time, the need for effective regulation, strong enforcement and appropriate incentives regimes implies that effective State capacity, including improved coordination among Governments and agencies, is vital to supporting corporate governance. As recent developments have shown, significant gaps still remain in the rules and standards and in the institutional arrangements for promoting compliance with them. More open and effective institutional arrangements need to be devised for promoting transparent and accountable corporate governance in all countries.**

V. The social dimension of globalization

66. All countries, whether developed or developing, have to cope with the social impact of globalization, although the actual experience of globalization and economic liberalization has varied greatly, with poor countries — and the poor and unskilled within countries — benefiting the least. Policy makers in developing countries face acute dilemmas and financial constraints as the need for fiscal discipline, market-opening and trade liberalization must be balanced with new financing requirements for social protection and employment-generation policies. Furthermore, borrowing for such purposes creates new public debt obligations without the revenue streams for servicing that debt. Policies and institutions, at both the national and international levels, need to take into account the social dimension of globalization.

67. The various aspects of globalization and its impact on social issues have been documented and analysed. The scope of this report would not allow for a detailed examination. However, the need to build into the architecture of economic governance the social impact of globalization led to the creation by the International Labour Organization (ILO) of the World Commission on the Social Dimension of Globalization (see box 4).

Box 4
World Commission on the Social Dimension of Globalization

The Commission, established in February 2002 by the International Labour Organization (ILO), aims to promote dialogue on ideas to make globalization more inclusive. Its main objectives are: improving empirical knowledge of the impact of globalization on employment, decent work, poverty reduction, economic growth and development; examining the perceptions of all relevant stakeholders; forging a broad consensus on the issues, including the involvement of all interested international organizations, Governments and workers' and employers' organizations; and launching a process for addressing the key issues posed by the global economy with respect to making globalization sustainable and promoting the fair sharing of its benefits. The Commission is expected to complete its deliberations and present a report in late 2003 (http://www.ilo.org/public/english/wcsdg/index.htm).

68. Integrating, in a balanced and coherent manner, economic and social policies requires decision makers to avoid thinking in rigidly sectoral terms. Coordination is important among the ministries of the social sectors to improve their efficiency and effectiveness in addressing multidimensional issues. It is also important that both the ministries responsible for economic policy and those responsible for social policy ensure that social considerations are taken into account in the process of developing macroeconomic policy. Strengthened coordination would result in individual sectoral ministries' enhancing the efforts of other sectoral ministries in a systematic way. Opening up the policy and budgetary processes is not just a concern among ministries at the national level. It is also important at the provincial and local levels. This would involve a consultative process for developing strategies for economic and social development that would help to create consensus in policy-making and constructive relations among all stakeholders, including civil society.

69. Moreover, experience shows that only those countries that have in place an effective public administration, solid institutions, adequate social policies, especially social safety nets, and a committed leadership can ensure that all sectors of society benefit from foreign direct investment, trade and access to information technology. **Therefore, a challenge for many Governments lies in giving priority, in the distribution of limited resources, to capacity-building in institutions, human resources development and technological progress. Enhanced international cooperation, inter alia, to strengthen the human and institutional capacities in developing countries, is of critical importance in promoting a better balance and integration of the economic and social dimensions of globalization.**

70. Another challenge that needs to be addressed at the global level is associated with the contrast between the high degree of capital and, to a lesser extent, goods mobility and the limited international mobility of labour, especially low-skilled workers. While States have generally been successful in putting in place the legal and administrative infrastructure for regulating trade, the same cannot be said of regulations regarding the movement of labour across borders. Most State policies

are still based on narrow and short-term concerns, hence the administrative structures often fail to take into account either the powerful market forces driving workers' migration, or the long-term economic consequences of social policies. **Growing migration pressures, felt not only by the economically advanced countries but also in many other regions, make more urgent the development of an international migration regime that would foster more orderly movements.** While current trends point to solutions in the form of regional arrangements such as the free movement of labour within the European Union, they often fail to take into account the larger ambit of migration flows and thus leave much of the movement to non-legal and irregular channels.

Notes

[1] See General Assembly resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] See, for example, the United Nations Millennium Declaration, para. 25, and the Monterrey Consensus, paras. 11 and 12.

[4] The G-20 includes, in addition to the finance ministers and central bank governors of the G-8, those of 11 developing countries.

[5] See, for example, paras. 15, 134, 136 and 137 of the report of the Secretary-General (A/AC.257/12) and principle recommendation 9 of the executive summary of the report of the High-level Panel, pp. 23-25 of the recommendations of the High-level Panel, and sect. 5 of the technical report of the High-level Panel on Financing for Development (A/55/1000).

[6] Technical note No. 4 (A/AC.257/27/Add.4).

[7] See, for example, "Building a better future in Africa", address by Horst Köhler, Managing Director, IMF, Accra, Ghana, 3 May 2002; and "To Doha and beyond: a roadmap for successfully concluding the Doha Development Round", address by Mike Moore, Director-General of the World Trade Organization, Montreux, Switzerland, 12 April 2002.

[8] To review policy design and experiences, the Organisation for Economic Cooperation and Development (OECD) has established various "global forums" to discuss several issues in the OECD policy agenda with non-members. The paper *Organizational Reform and the Expansion of the South's Voice at the Fund* (G-24 Discussion Paper, No. 15) by Peter Evans and Martha Feimemore (New York and Geneva, UNCTAD and the Center for International Development, Harvard University, December 2001) also presents a number of steps to enhance the influence of developing countries in policy design.

[9] In the case of IMF, the International Monetary and Financial Committee (IMFC) noted in the communiqué of its meeting of 20 April 2002 that the Twelfth General Review of IMF Quotas had started and that quotas should reflect developments in the international economy. In this regard, the communiqué of 19 April 2002 of the Ministers of the Intergovernmental Group of Twenty-four on International Monetary Affairs and Development (*IMF Survey*, vol. 31, No. 8 (29 April 2002)) states: "Ministers note that IMF has commenced discussions on the Twelfth General Review of Quotas, which in their view should result in an increase in the total size of IMF financial resources, thereby strengthening its role in crisis prevention and resolution. The review should also lead to an increase in developing countries' aggregate quota share, thereby improving their voting power in IMF."

[10] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolution Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.

[11] They are: women, children and youth, indigenous people, non-governmental organizations, local authorities, workers and trade unions, business and industry, scientific and technological communities and farmers.

[12] Department of Economic and Social Affairs, "Multi-stakeholder dialogues: learning from the UNCSD experience" (DESA/DSD/PC3/BP4).

[13] General Assembly resolution 55/25, annex I.

[14] General Assembly resolution 54/109, annex.

[15] General Assembly resolution 55/25, annex II.

[16] Ibid., annex III.

[17] General Assembly resolution 55/255, annex.

[18] The Convention and its Protocols will enter into force on the ninetieth day after the date of deposit of the fortieth instrument of ratification, acceptance, approval or accession. By June 2002, there were 15 parties to the Convention, 12 to the Protocol against trafficking, 11 to the Protocol against smuggling of migrants and 2 to the Protocol against the illicit manufacturing of and trafficking in firearms.

[19] General Assembly resolution 56/261, annex.

[20] General Assembly resolution 55/59, annex.

[21] General Assembly resolution 56/261, para. 4.

[22] See report of the Secretary-General on effective measures to prevent and control computer-related crime (E/CN.15/2002/8). At its eleventh session in 2002, the Commission on Crime Prevention and Criminal Justice approved a draft resolution on the follow-up to the plans of action to be recommended by the Economic and Social Council for adoption by the General Assembly (see *Official Records of the Economic and Social Council, 2002, Supplement No. 10* (E/2002/30), chap. I, sect. A, draft resolution III).

[23] *Council of Europe, European Treaty Series*, No. 185.

[24] See *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7).

[25] See Ejeviome Eloho Otobo, "Contemporary external influences on corporate governance: coping with the challenges in Africa" (11 December 2000), background paper prepared for the African Development Bank for its *African Development Report, 2001: Fostering Good Governance in Africa* (Oxford, Oxford University Press and Edition Economica, 2001).